Daily Report

East Europe

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Visiting Turkish Defense Minister Meets Zhulali

AU1104122495 Tirana TVSH Television Network in Albanian 1800 GMT 10 Mar 95

[FBIS Translated Text] As you have been informed in other news editions, a Turkish military delegation arrived in our country today led by Turkish Defense Minister Mehmet Golhan. At the airport, Mr. Golhan was received by our defense minister Safet Zhulali.

During his three-day visit, Minister Golhan is expected to meet President Sali Berisha and People's Assembly Presidency Chairman Pjeter Arbnori.

At noon, Turkish Defense Minister Golhan paid homage to the Martyrs' Cemetery and held a meeting with the chief of our Army General Staff, General Sheme Kosova.

The most important point in the Turkish minister's activity today was the meeting with his Albanian counterpart Safet Zhulali. Here is a report by our correspondent Armir Shkurti:

[Shkurti] Turkish Defense Minister Golhan considered Albania to be the most trusted country for Turkey in the Balkans, a Defense Ministry spokesman reports. Assessing relations to be of special importance for stability in the region, Turkish Defense Minister Golhan declared that Turkey will continue its moral and material support.

The Defense Ministry spokesman reports that both ministers expressed the same viewpoints in avoiding the conflict in the Balkans and regarding relations with neighbors.

Minister Safet Zhulali denounced the genocide against Albanians in Kosova and the physical and psychological pressure against them, aimed at ethnic cleansing.

The spokesman reports that at a second meeting to be held on 13 April, the results of these talks will be given effect by the signing of a memorandum of understanding.

Kosovo's Rugova Returns From London Visit

AU1104132695 Tirana TVSH Television Network in Albanian 1800 GMT 10 Apr 95

[FBIS Translated Text] The president of the Republic of Kosova, Dr. Ibrahim Rugova, arrived in Tirana today after a working visit of several days to Great Britain. Foreign Minister Alfred Serreqi received President Rugova at Rinas airport.

During his stay in London, Rugova met with British Foreign Secretary Douglas Hurd, Minister of State Douglas Hogg, and former prime minister Margaret Thatcher. Here is a statement given by President Rugova to Asllan Bajrami at Rinas airport:

[Bajrami] Mr. President, you just arrived from London after a very successful visit during which you met numerous high-ranking personalities from the British Foreign Office and other top British personalities. How would you assess this visit?

[Rugova] This was an extremely important and successful visit. As you know, at the Foreign Office, we met with British Foreign Secretary Hurd and Minister of State Douglas Hogg, who visited Prishtina last year. We also met many members of parliament from the two important parties in the British Parliament: the Conservative Party and the Labour party. We discussed all kinds of topics, as well as finding a peaceful and just solution to the issue of Kosova. We put forward our viewpoints on an independent and neutral Kosova. We also discussed the grave situation in Kosova, which concerns Great Britain as well. With the members of parliament, we discussed possibilities for cooperation between the parliaments of Kosova and Great Britain. I can say that we have established regular contacts between Kosova and Great Britain. I am very pleased. Thank you.

Union Leader Warns of Possible 'Unlimited' Strike

AU1204111195 Tirana TVSH Television Network in Albanian 1800 GMT 11 Apr 95

[Interview with BSPSh chairman Valer Xheka by Marash Mirashi in Tirana on 11 April—recorded]

[FBIS Translated Excerpt] The Independent Trade Unions of Albania [BSPSh] went on a one-hour warning strike today. Some 70,000 employees of the trade unions of education, health, post and telecommunications, and higher schools throughout the country interrupted work for one hour, from 1100 to 1200. [passage omitted]

[Mirashi] Mr. Xheka, what are the demands that the representatives of four BSPSh branches put forward today?

[Xheka] The demands are many, such as the index for inflation, approval of the labor code, and many others. It is common knowledge that the main demand is the increase of salaries to an average of 35 percent in all these sectors, such as in education, higher schools, health, and post and telecommunications.

[Mirashi] The strike today continued for one hour. Is it a warning strike?

[Xheka] Of course, this is a warning strike. It foresees a strike that is to be called on 22 April. If the demands are not met, we will then go on unlimited strike.

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Polish General Shows Interest in Military Industry

AU1104181195 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 11 Apr 95

[FBIS Translated Text] Colonel General Tadeusz Wilecki, head of the Polish Army General Staff, who is visiting Bulgaria, met separately with General Totomirov, head of the Bulgarian Army General Staff, and Defense Minister Dimitur Pavlov today.

During the talks, information was exchanged on the two armies' financial situation. The guest pointed out that, for the first time, the Polish military budget was significantly increased this year.

One of the specific goals of Gen. Wilecki's visit is to become acquainted with the production of our military enterprises and military repair plants that repair various heavy military machines, aircraft, and helicopters.

Experts will examine our military electronic industry with a view to arranging barter deals with Polish military enterprises on exchanging army equipment.

Military Delegation Departs for Greece

AU1104165995 Sofia Khorizont Radio Network in Bulgarian 1500 GMT 11 Apr 95

[FBIS Translated Text] A Bulgarian military delegation led by Lieutenant General Zakharin Iliev, commander of the Ground Troops, departed today on a three-day visit to Greece at the invitation of Konstandinos Vulgari, commander of the Greek Army Ground Troops. The visit is taking place within the framework of the 1995 Program on Military Cooperation between the two defense ministries.

BSP Warns About 'Unrealistic' Expectations

AU1104150695 Sofia Khorizont Radio Network in Bulgarian 1300 GMT 11 Apr 95

[FBIS Translated Text] On 11 April, the regular weekly news conference of the Bulgarian Socialist Party [BSP] and the Democratic Left parliamentary faction took place. Finance Minister Dimitur Kostov and Georgi Nikolov, chairman of the National Assembly Commission on Budget and Finances, took part in the news conference.

Mr. Nikolov said that the budget is being adopted at a difficult time. Any expectations that the budget should resolve the problems that accumulated in the last five years are unrealistic. The increased amounts allocated to defense, the social sphere, and health protection conform the BSP's election program. However, one could not expect that this budget would allow the full implementation of the BSP's social program.

The next budget will probably be adopted by November 1995, and thus the beginning of a normal practice will be marked.

Finance Minister Dimitur Kostov imparted interesting details about the anticipated amendments to the income tax bill. According to what he said, the effective average tax deduction will be decreased from 14.5 to 13.5 percent.

BSP, Fatherland Union Sign Agreement

AU1104165895 Sofia Khorizont Radio Network in Bulgarian 1500 GMT 11 Apr 95

[FBIS Translated Text] The Bulgarian Socialist Party [BSP] and the Fatherland Union signed a cooperation agreement today. The agreement was signed by the leaders of the two political groups, Zhan Videnov and Ginyo Ganev.

The documents envisage cooperation between the BSP and the Fatherland Union in resolving problems related to municipalities and municipal self-government. They will conduct joint actions related to important events of local and all-national significance.

RDP Still 'Full-Fledged' Member of SDS

AU1204101595 Sofia Khorizont Radio Network in Bulgarian 0900 GMT 12 Apr 95

[FBIS Translated Text] The Union of Democratic Forces [SDS] National Coordinating Council determines that the Radical Democratic Party [RDP] continues to be a full-fledged SDS member. RDP delegates will take part in the Seventh SDS National Conference. This decision has been adopted by the 12 April meeting of the SDS National Coordinating Council.

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UK's Hurd's Support for EU, NATO Membership

LD1104192995 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 11 Apr 95

[FBIS Translated Text] British Foreign Secretary Douglas Hurd arrived in the Slovak Republic today for a one-day working visit. He was received by Slovak Prime Minister Vladimir Meciar at the office of the government in Bratislava this afternoon. Later in the day he also met Foreign Minister Juraj Schenk.

Michal Berko attended a news conference given by the foreign secretary and the foreign minister after their talks, shortly before the beginning of our Radiozurnal.

I am very glad to be back in Slovakia after five years, were Douglas Hurd's opening words. My visit has two aims, he continued. The first is to strengthen British-Slovak relations, and, in this context, we invited Minister Schenk to visit Britain. The other issue is the preparation of a visit by President Michal Kovac to London during the celebrations of the end of the war. We also assessed the work of the British Council and the Know-How Fund in the course of which 16.5 million pounds sterling have already been spent. As regards investments, there is an interest in cooperating and investing in the sugar and oil industries, and, in the latter, the Shell company is involved.

The second aim is to express our support, strong British support for Slovakia's membership in the European Union and NATO, British Foreign Secretary Douglas Hurd told journalists, adding that Slovakia's pace [as heard] is welcomed by both groupings. It is to continue step by step, and you still need to undergo certain changes. You have to get rid of the remnants of the past regime.

Russia does not have the right to veto NATO's enlargement. However, we are not interested in creating a new dividing curtain in Europe, and we are interested in good relations with Russia.

As regards the Slovak-Hungarian treaty, we have already congratulated the prime minister on the signing of the treaty and consider it to be one of the pillars of the arrangement of relations in this part of Europe.

When the enlargement of the EU and NATO is to be considered, every country will be assessed and accepted on an individual basis. Neither NATO nor the EU will hold talks with a group of states.

This was what British Foreign Secretary Douglas Hurd said about his visit, which will culminate in a dinner given in his honor by President Michal Kovac.

Meciar Argues Right To Control Secret Service

AU1104135295 Bratislava SLOVENSKA REPUBLIKA in Slovak 6 Apr 95 p 4

[Statement by Prime Minister Vladimir Meciar during 5 April 1995 parliamentary debate on the bill on the Slovak Information Service, returned unsigned by President Kovac]

[FBIS Translated Text] There is no doubt that the return of the amended bill on the Slovak Information Service [SIS] has attracted much public attention. This is because the SIS, even though it collects information, is an agency of state power whose activities, or, rather, the deformation of whose activities, leads to profound and serious deformations in society at large.

Parliament Offside

The question is—who should set matters right. I am not going to deal with the interpretation of the bill. That is beyond me. The question is who should correct the deformations that exist in the SIS today. Should it be parliament together with the president, or parliament together with the government? Does parliament have the means to call the president to account? Well, either parliament does not have the means, or the president is not paying much heed to you. Do you have instruments to call the government to account, even if you are in opposition? You do. That is why I believe that it would be more appropriate for parliament to begin this cleanup jointly with the government. There is no point in speculating about who is and who is not a senior state official [reference to President Kovac's argument, made when returning the bill, that the president appoints senior state officials and, hence, should also appoint the SIS director], all the more so as the Constitution states that a law must specify who is a state official and who not. No one can interpret this for you. There is no point in giving the example of the commander of the armed forces [reference to President Kovac's argument that, as commander in chief of the armed forces, he should have the right to appoint the SIS director] because the armed forces have two intelligence arms and the president did not even once lay claim to control them. There is equally no point in speaking about some other facts, especially in connection with the president's statement—I am quoting from Point 3 on page 2: "The SIS's tasks in collecting information on internal and foreign activities that endanger the sovereignty and security of the Slovak Republic are tasks that the SIS and its director fulfill directly for the president of the republic." I am therefore asking whether the president, who claims this right, also assumes the responsibility that goes along with it. Whether he assumes responsibility for what is going on in the SIS today. These are communicating vessels. The one cannot exist without the other. Even now, addressing you as prime minister, I am uncomfortable in the knowledge that only last week the SIS dismissed one of its officers because, after my appointment as prime minister, he refused to spy on me. He was dismissed with immediate effect after he refused in writing to carry out the order. This took place in March 1995. I am prime minister and chairman of the State Defense Council, which has constitutional and legal powers over the SIS. The SIS is a body that should be supplying intelligence also to myself and to the parliamentary speaker. Since you wish to know the details, let me tell you that I have introduced the SIS officer who was given such a task to the prosecutor general of the Slovak Republic, whom I

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instructed to deal with the matter, including identifying the person responsible for issuing the order to spy on the prime minister after his appointment in the building of the Government Office.

Congratulations for Mr. Cibula

If this were an isolated case, I would keep quiet. But another SIS officer was tasked with compromising Deputy Lexa, as functionary of the special parliamentary body for supervising the SIS [OKO], and the same happened to Deputy Danko. In Mr. Danko's case, a military department was asked to check his activity at the Ministry of National Defense with a view to finding compromising material. These people have testified before OKO and are willing to testify before other institutions as well. All this happened after the elections. The SIS continues to play its intelligence games. But let us go even further back. My government fell before the elections, in March 1994. Many of you still have mixed feelings about this, and so do we, which is why we are returning to the lessons arising from this. We do not understand how it was possible that the officer of a foreign intelligence service came from abroad to congratulate SIS Departmental Director Igor Cibula on what this officer assessed as the Slovak Republic's best intelligence operation? By chance, naturally, Mr. Moravcik [Meciar's successor as prime minister] used to meet Mr. Cibula frequently at the time. There are records and other evidence proving this. But let us go back and examine what happened before March 1994. On 31 or 30 January 1994, speaking in Bardejov, the Slovak president accused the then and current prime minister of building parallel intelligence structures aimed against the president. Immediately after my dismissal [in March 1994], my security guards were summoned and accused of having engaged in espionage against the president in my favor. The summonses were issued by Mr. Zemko, who had previously worked in Interior Minister Ladislav Pittner's office. Mr. Zemko's reply to calls for an explanation was that his silence about these affairs was an imperative bestowed upon him by state interests of the highest order. Who, then, is playing an intelligence game among constitutional representatives? But let us go on.

Infiltration of Shadow Cabinet

After March 1994, we formed a shadow cabinet. The SIS was assigned the task of infiltrating the shadow cabinet, recruiting informers, and infiltrating HZDS structures and the SALUS company [publisher of SLOVENSKA REPUBLIKA]. If anyone has any doubts about this, there exist SIS files demonstrating the veracity of these assertions and there exist officers who were assigned those tasks or who continued gathering information. The SIS paid attention not just to myself, but also to the parliament speaker. There is evidence that in the course of an official foreign trip, namely to Britain, an accredited SIS officer was gathering intelligence on the speaker and then made the material available, via the SIS, to the president. The president then spoke about it in my presence. The SIS officer in question has been identified and recalled to Slovakia. But let us go back even further, to what happened prior to 1993. It was clear to me then that it would take time to build the intelligence service. But this intelligence service started working on the wrong enemies. It was looking for them in the HZDS, in the legitimately elected government, and in legitimately elected deputies. What kind of an intelligence service is this? For whom is it doing this?

President Should Dissociate Himself

Not for me! Not for the parliament speaker! The least the president should do is dissociate himself from all this by saying he did not know anything about it. Or to claim that the intelligence material did not reach him. But, alas, it must be very hard for him to say that he did not know anything. So were they, perhaps, doing it for someone else? These things must be clearly explained, what should be said is, yes, indeed, this is what was going on. Intelligence games used to be played here earlier too. There are documents from 1992 when the head of the Federal Security Information Service [FSIS] issued a directive ordering the destruction of evidence regarding the organization's activity in Slovakia. The FSIS head at the time was from Public Against Violence [VPN] and his deputy was Mr. Palko from the Christian Democratic Movement [KDH]. During the 1992 election campaign FSIS agents in Slovakia were providing information on our party and spying on our party. I do not wish to blame the KDH as a whole but it is a fact that some of these FSIS agents were close to KDH people and I condemn this kind of activity. How was it possible? We did not do anything like that to anyone, and yet we were being accused of that sort of thing. We want to know what has been done in these matters. In 1994 I asked the General Prosecutor's Office for an investigation. Since I mentioned top secret facts, my submission was put into an envelope, marked "Top Secret," and filed away. There was no investigation. Since a suspicion existed since 1991 of an investigation against myself and the criminal prosecution bodies were unable to assess it, I set out to work on it myself. I gave them names and addresses. I even wrote down who was sitting in which office. I gave them evidence of how documents were being forged during investigations so as to render it impossible to set matters right. We now have a new prosecutor general and I hope that his office will deal with the matter seriously and that the matter will be brought to a conclusion, as warranted by the interests and laws of the state. But I ask myself: If we are going to put someone on trial for destroying intelligence documents, why should we sue just [Alojz] Lorenc [chief of the communist-era secret service] and not these people as well? Why do we present them in the squares [allusion to former FSIS Deputy Director Palko's role as moderator of recent "for freedom of speech" rally in Bratislava], why do we give them posts of state secretaries at the Ministry of Education, etc., as though they were society's moral elite? Only because they were linked with KDH structures? While I am returning to intelligence games, I have to return to

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the year 1992, to the shameful report of the parliamentary Defense and Security Affairs Committee on the activity of the Ministry of Interior, which consisted of lies and untruths. I have copies of all the documents you had from the FSIS and I can prove, on the basis of the documents you had, that you informed the National Council incorrectly.

Will One Be Afraid of the Other?

How much longer are we going to tolerate these Augean stables? Who will bear political responsibility for them before society? Are we going to start fearing one another, are we going to suspect one another of being a legalizing party [legalizant], of spying and informing on one another? I am the sovereign representative of a sovereign republic and of the executive power of a government that is dependent on, and subordinate to, only parliament, or parliamentary bodies that are outside your and our control [sentence as published]. Why is it precisely the composition of OKO that has become the target of criticism? Is it because that, apart from other cases, it is investigating why, for example, a moratorium had been issued not to investigate the suspected criminal activity of Michal Kovac Jr. after findings about it were addressed to the Interior Ministry in September 1994? Now that OKO has starting looking into this matter, I hear that its composition is somehow unsuitable. Who, then, is supposed to do this?

Esteemed gentlemen, esteemed ladies, esteemed deputies. I standby every single word I have said. Everything I have told you can be substantiated. I was not the only person who attended the various conversations before my speech and I did not collect all the documents single-handedly. A great deal has been done by other, properly authorized bodies. The issue now is: Who is going to correct the deformations afflicting the SIS? Is the president up to it? After all, he claims that this falls within his domain. Why has he not done it already, then? The only way to correct the deformations is by working together. I therefore believe that, rather than engaging in legislative speculations, fabrications, and technicalities, we all must make sure that we do not live in fear of a new and alienated power. I believe that these bodies should be under the control of the state, parliament, and the Government of the Slovak Republic.

Stopping New Crises

What I find particularly mind-boggling is that officers who either at least knew about these matters, or who organized them, today justify their actions by citing their loyalty to the president. How come they are not loyal to the government? The government is the product of the will of the people as expressed in the elections. When we look at the matter from this perspective, it is legitimate to raise the question of the government's jurisdiction and the government's and parliament's powers and position so as to prevent the emergence of new crises, the emergence of new social changes, the background of which hardly anyone will know. Of course, you are going to vote and only you can decide. But I consider it right to strengthen the position of the Government of the Slovak Republic regarding the appointment and dismissal of the SIS director, and the control of the SIS, because the government emerged from you and is accountable to you. It is not independent of you and does not pretend to be above you. It is part of you. I therefore believe that the proposal should be supported in the name of truth and justice. Thank you for the time that you have devoted to me. I regret very much that I had to speak about these matters publicly. Thank you.

Parliament To Receive Evidence of Meciar's Claims

AU1104140095 Bratislava SLOVENSKA REPUBLIKA in Slovak 7 Apr 95 p 1

[Interview with Ivan Lexa, chairman of the special parliamentary body for supervising the Slovak Information Service, by SLOVENSKA REPUBLIKA correspondent identified as "zl"; place and date not given: "Ivan Lexa: And This Is Taking Place in 1995...."]

[FBIS Translated Text] Speaking in the National Council of the Slovak Republic [NRSR] yesterday, Jan Findra, head of the Office of the President of the Slovak Republic, said that Prime Minister Vladimir Meciar's speech concerning the activities of the Slovak Information Service [SIS] was a "pitiful example of selling conjectures and disinformation for indisputable facts." In connection with the goings-on in parliament, we asked Deputy Ivan Lexa:

[SLOVENSKA REPUBLIKA] In view of the fact that the prime minister was referring in his speech to the findings of the special NRSR body for supervising the SIS [OKO], could you, as OKO chairman, express your opinion?

[Lexa] I can declare that what the prime minister said in the NRSR was based on information that the NRSR OKO had supplied to him in accordance with the law. Under the law, the NRSR OKO is under an obligation to notify also the Government of the Slovak Republic of serious findings. It is obvious that, when the parliamentary body for supervising the SIS learned that an SIS officer whom his superiors had tasked with collecting information on the prime minister was working directly within the structure of the Slovak Government Office, it was our duty to draw the prime minister's attention to this fact. One simply cannot be silent about something so absurd and outrageous. And this is taking place in 1995....

[SLOVENSKA REPUBLIKA] Jan Findra claims that the most important motive of Vladimir Meciar's speech was to make deputies believe what he said so that they would vote in favor of the amendment to the law on the SIS.

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[Lexa] As I have already stated in parliament, the NRSR OKO is working on a comprehensive report on the activity of the SIS, which it will submit to a closed session of parliament in May. The investigation of many of the control findings is still being wound up. We self-evidently made available some of them to the prime minister—those that are obvious already and directly affect the government's activity.

Former SIS Head Refutes Meciar's Charges

AU1104174095 Bratislava PRAVDA in Slovak 7 Apr 95 pp 1, 3

[Article by Vladimir Jancura: "'This Is Plain Stupid!'"]

[FBIS Translated Text] Bratislava—"Only an intelligence service suicide would place the prime minister under surveillance," former Slovak Information Service [SIS] Director Vladimir Mitro declared to journalists yesterday regarding the statements made by Vladimir Meciar about the alleged deformations within the SIS. At the start of his news conference, General Mitro announced that, on 4 April 1995 and at his own request, the president recalled him from his post as director of the Slovak Information Service. At the same time, he also terminated his employment within the SIS and is, therefore, speaking as a private person.

Shortly afterwards, he began, point by point, to refute or, rather, correct the prime minister's accusations against the SIS. In connection with the announcement by V. Meciar that the SIS fired one of its officers last week because, following his appointment, he apparently refused to shadow the prime minister, the former SIS director said: "This is not true. No one was fired from this service last week." And, as far as the alleged surveillance of the prime minister is concerned? "This is plain stupid!" was his response. In this context, Mitro intends to notify the Slovak Prosecutor General's Office of the "gross disparagement of SIS's activity and of the injury to its reputation."

With regard to the alleged surveillance of Ivan Lexa by a SIS officer: "This is not true. I also intend to submit a complaint to the Prosecutor General's Office in this case."

Meciar also suggested to the National Council of the Slovak Republic [NR SR] plenum that several SIS officers had testified before the special parliamentary body for supervising the SIS [OKO] regarding the aforementioned matters. V. Mitro: "I know about five former or still active SIS officers who were invited to a session of the parliamentary supervisory body without my consent and without waiving their vow of secrecy. According to the law on the SIS, only its director can do this and only at the request of bodies involved in criminal proceedings. OKO is not among these bodies; it does not even have the powers of an investigative commission! It does not say anywhere in the law on the SIS that OKO members have the right to question rank and file SIS officers."

The former SIS director informed I. Lexa, the OKO chairman, of this in writing, but he has not received a reply, and he also wrote to the NR SR chairman, who replied "rather vaguely." Mitro obviously knows more about the so-called examination of SIS officers by the parliamentary body because he stated that they took place in room No. 48 at the National Council. There are video recordings and written documentation of this. Psychological pressure was allegedly exerted on the "SIS men." Obviously it was successful because all five had been penalized in the past by the SIS management for a gross violation of service discipline. What had they done? "They confused the intelligence business with something else. They did not manage to adapt to higher demands, they did not observe the principles of strict secrecy, their performance was weaker, and so on."

Gen. Mitro replied evasively to a question from PRAVDA on how far the OKO members could penetrate by questioning SIS officers—all the way to its strictly classified core, to the so-called active cases: "There are indications that these officers have at least divulged official secrets, just by the very act of going to testify before OKO."

According to Meciar, in the wake of March 1994 [when Meciar was ousted from office], the SIS was given the task of infiltrating the Movement for a Democratic Slovakia's [HZDS] shadow cabinet. Mitro: "There was no such task." The prime minister's other accusation consisted of the fact that the SIS, through one of its officers, gathered information on Ivan Gasparovic's official visit to Great Britain, information received by the Slovak president. Mitro: "I am familiar with this material; it does not contain anything that, even by implication, could compromise the National Council chairman. This was a normal report monitoring his movements, reactions to the visit at home, and so on; this is something the intelligence service does during every visit abroad by a constitutional official."

OKO's activity was in harmony with the law until October 1994, emphasized Mitro. The supervisory body had three members from the opposition and two from the governing coalition. During the night of 3-4 November, parliament set up a new, politically monochrome body, and the situation changed substantially. OKO now does not have an agenda and grossly oversteps its powers, which are specified enumeratively in the law. The former SIS director considers the direct participation of the parliamentary opposition in the body established to control this intelligence service to be a key issue for preserving democratic principles in SIS activity. He cited Hungary as an example, where an opposition deputy, the former prime minister, chairs a similar body.

"The case has an explicitly political goal," summed up Mitro. "I am convinced that, if this goal had been achieved by other means, no attacks would have been made on SIS. Unfortunately, SIS, to the detriment of the Slovak Republic's intelligence interests, has become the

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means and reason for enforcing those political objectives that are oriented, first and foremost, toward President Michal Kovac."

In reply to an additional question from PRAVDA on the kind of consequences the further public airing of SIS's internal problems may have at home and abroad, Mitro referred to the unfavorable effects of the current discussions about the Czech Security and Intelligence Service. ("Things like this do not contribute to calm in any country. The more such issues are scrutinized in public, the worse it is. To say the least, this will slow down the establishment of the intelligence service.") Gen. Mitro then confirmed the opinion expressed by Michal Kovac that HZDS Chairman V. Meciar has constructed and is constructing illegally parallel structures for intelligence activity not only against the president, but also against other people.

"However, I have only hints of this," he said in this context. "For example, it is more or less generally known that a former StB [State Security] officer used to work within the HZDS; he helped out there in certain, let us say, security matters. The secretaries called him Mr. Deputy for Security Issues."

However, perhaps the greatest sensation at the news conference was caused by the general's statement that SIS received repeatedly a request from "the most senior authorities" to screen various Slovak journalists. It was supposed, for example, to ascertain where they get their money. "We did not comply with the request," said Mitro, who thinks that his successor in the post of SIS director will be Ivan Lexa.

Bill Passed Paving Way for Education 'Purges'

AU1204064695 Bratislava SME in Slovak 7 Apr 95 pp 1-2

[Article by "bog, pt": "The President Is Convinced That Vladimir Meciar Is Building Illegal Structures for Intelligence Activity"]

[FBIS Translated Excerpt] Bratislava—In defiance of noisy protests by coalition deputies who were stamping their feet and pounding their fists on the parliamentary benches, Jan Findra, head of the Office of the President of the Slovak Republic, managed to read at yesterday's continuation of the sixth meeting of the National Council of the Slovak Republic [NRSR] the president's statement on the prime minister's accusations about the misuse of the Slovak Information Service [SIS] against the Movement for a Democratic Slovakia [HZDS] and the prime minister himself. [passage omitted]

The plenum subsequently approved again the amendment to the so-called jurisdiction law, which was the third law the president had returned to the NRSR. Even in this case, the coalition did not accept any of the president's objections to the law. Once the law goes into force, during a minister's absence a state secretary will be able to stand in for the minister to the full extent of the latter's powers, including at Cabinet meetings. [passage omitted] As we have ascertained, Christian Democratic Movement [KDH] deputies are considering the possibility of asking the Constitutional Court of the Slovak Republic to examine whether the amendment to the jurisdiction law conforms with the Constitution.

After a debate that lasted several hours, the government coalition passed an amendment to the law on state administration in education and school self-administration. The amendment deprives regional and local school boards of the power to propose the appointment and dismissal of school principals and school administration directors. This power is being transferred to the Ministry of Education. [Slovak National Party Deputy] Bartolomej Kunc declared that it is necessary "for people able to cooperate with the Ministry of Education to get into managerial positions." In response to criticism by Hungarian Coalition deputies, Education Minister Eva Slavkovska condemned the incident at Roznava, where an Education Ministry representative had walked out of a meeting organized by the Union of Hungarian Teachers in the Slovak Republic. Slavkovska said that the dismissals of people in Roznava were in conformity with the law and that regulations had been violated also by other school principals in the district and that the ministry would "deal" with this. Frantisek Miklosko (KDH) pointed out that "the philosophy of the amendment is based on such a seizure of power by the Ministry of Education and on such a command system of running schools as was without parallel even under communism. I can understand Minister Slavkovska's motives. All her life she was bending over backwards to communist power and serving it as court historian. Why should not people bend over backwards for her, at least for a while, trembling for the post of school administration director or school principle, which, in the final analysis, will depend just on her?" Miklosko added that, "if the events of November 1989 were a gentle revolution, everything you are demonstrating here now cannot be called anything but primitive counterrevolution." [passage omitted] Several opposition deputies demanded that the discussion on the amendment be interrupted, but to no avail. The amendment received the support of 77 government coalition deputies and was passed.

[Bratislava SMENA in Slovak on 7 April on page 5 carries a 600-word interview with Michal Kovacic, president of the Slovak Teachers Forum, by Lenka Braunova entitled "In Whose Way Are They?" In the interview, the place and date of which are not given, Kovacic says that, because of local school boards' powers over appointments and dismissals, "education has not been severely affected by politically motivated purges yet, as one of only a few departments." With the abolition of this "safety mechanism," Kovacic says, the possibility will be created for "direct political interference in the filling of managerial posts in education." Asked about the impact of the amendment, the president of the Slovak Teachers Forum says: "The school administration director or the school principal will feel obliged only to the person who

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had proposed him for the post and who can dismiss him at any time. It is not difficult to guess what this will cause at schools. Most of us had experienced this already. We just hoped that this was irrevocably a matter of the past."]

Commentary on Possible Punishment for Meciar

AU1204090195 Bratislava SME in Slovak 8 Apr 95 p 4

[Commentary by Ondrej Dostal: "Will Slota Get Meciar Behind Bars?"]

[FBIS Translated Text] Threats with the law on the protection of the Republic have acquired a rather impressive tradition in our post-November [1989] history. Nevertheless, it has never looked as convincing as right now. A draft Penal Code amendment, which the Slovak National Party [SNS] intends to substitute for the missing law on the protection of the Republic, is ready, it has been formulated in articles, and SNS Chairman Jan Slota promised yesterday that it will be submitted to the National Council of the Slovak Republic during the coming week.

The chances of the proposed Penal Code amendment are further increased by the mounting tension in Slovak-Hungarian relations, which, as in the instance of the meeting of Hungarian educators in Roznava, is turning into rather open incidents. Because a substantial part of the Movement for a Democratic Slovakia [HZDS] has the same blood group as the SNS, the probability of success of the Slota initiative is not at all negligible. The expected resistance of the entire opposition and most media cannot change it.

Approval of the Penal Code amendment as proposed by the SNS would open the path to political trials in Slovakia because the "elastic" formulation of the law would rather easily cover numerous opposition activities or newspaper articles. Combined with the "independence" of some judges popular on television, this protection of the Republic is truly terrifying.

A possible motivation of the authors is their internal coalition dispute regarding the signing of the Slovak-Hungarian basic treaty. A signature under the treaty that refers to the Council of Europe Recommendation No. 1201, which according to some interpretations creates conditions for autonomy, could be qualified under the stern eye of the advocates of the law on the protection of the Republic as threatening the territorial integrity of the Slovak Republic. Thus, Vladimir Meciar could be the first person against whom the amendment would be applied. After all, Slota himself did not rule this out.

It may be that herein lie the firm roots of the conviction of the SNS chairman that the Slovak-Hungarian treaty will not be ratified under this coalition.

SNS Drafts Amendments on Republic's Protection

AU1204085995 Bratislava NARODNA OBRODA in Slovak 8 Apr 95 p 2

[Article by "giv, TA SR": "The SNS Drafted a Bill on the Protection of the Republic"]

[FBIS Translated Text] Bratislava—At the briefing of the Slovak National Party [SNS] yesterday, Chairman Jan Slota presented an amendment to Articles 92 and 108 of the Penal Code concerning the protection of the Republic. According to him, by 12 April at the latest, this amendment will be submitted to the parliament. Slota presumes the "amendment is prepared so well as to be favorably accepted also by the coalition partners." The articles should read as follows:

Article 92 Section 1: Whoever participates in actions against the Slovak Republic or its authorities that could lead to a disruption of the constitutional arrangement, territorial integrity, or defense readiness of the Slovak Republic, or to a reduction of its sovereignty, will be punished by a prison term of one to five years.

2. Whoever participates in acts of violence against the Slovak Republic or its authorities with the intention to subvert the constitutional arrangement, territorial integrity, or defense readiness of the Slovak Republic, or destroy its sovereignty, and who threatens with such actions, will be punished by a prison term of eight to 12 years.

3. The punishment will also apply to any person, who, with the intention described in Section 2, acts in a manner that can lead to acts of violence against the Slovak Republic or its authorities.

4. Prison terms of 12 to 15 years or the exceptional punishment are applied to the perpetrator: a) if he commits an act listed in Section 2 as a member of an organized group; b) if, by committing this act, he causes major injuries or death to several people; c) if, by committing this act, he causes extensive damage or some other particularly grave consequences; d) if he commits this act under martial law.

New definition of the act that constitutes a crime—Article 108.

Proliferation of false reports jeopardizing the security of the Republic: Whoever, on the territory of the Slovak Republic or abroad, proliferates or facilitates the proliferation of reports or intentionally false information about the Slovak Republic that can result in a threat to its security or damage its interests at home or abroad will be punished by prison terms of one to five years.

In the explanatory statement, this amendment states that it does not differ from similar laws in West Europe. Slota stated that activities of some representatives of the Hungarian political parties in Slovakia satisfy several stipulations of the draft amendment. The SNS intends to submit a bill on official language within two weeks (unless someone does it earlier), and, within several months, it will initiate an amendment to the Constitution of the Slovak Republic reintroducing capital punishment. The SNS chairman informed the coalition partners about the amendments to the Penal Code articles, but specific changes have not been discussed so far.

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Commenting on the signing of the Slovak-Hungarian treaty and its discussion in the parliament, Slota said: "I am convinced that the Slovak-Hungarian treaty will not be ratified under this coalition." (Referring to the Slovak-Hungarian treaty in a regular Friday interview for the Slovak radio, Vladimir Meciar said that he is aware of the difference of opinion on the treaty within the coalition. According to Meciar, however, this difference does not surpass the limit of the treaty. Before submitting it to the parliament, unity must be reached within the government coalition—ed. note). To a question from journalists on whether the signing of this treaty would not be covered by the draft amendment to the Penal Code because it includes a reference to the Council of Europe Recommendation No. 1201, Slota replied: "So far, that treaty is only a piece of paper that no one has signed." Whether the amendment applies to the treaty is a question for someone schooled in law.

Kovac Rejects Autonomy for Minorities

LD1104210495 Bratislava STV 1 Television Network in Slovak 1730 GMT 11 Apr 95

[FBIS Translated Excerpt] Slovak President Michal Kovac today attended an internal working session of 54 heads of Slovak embassies and missions abroad. [passage omitted]

In his address, he spoke among other things about polemics concerning minorities' issues linked to the Slovak-Hungarian treaty and to the declaration subsequently adopted by the Paris conference on the Stability Pact, saying:

[begin Kovac recording] I refute ideas about territorial autonomy and collective rights of the minorities because, in our conditions, they would result in destabilizing the situation.

I expect the treaty to be ratified by our parliament, and, as head of state, I am not only prepared to confirm the ratification with my signature, but I would also like to make use of all of my resources to create a favorable social and political atmosphere for ratifying the treaty. [end recording] [passage omitted]

Coexistence Movement Leaders View Issues

LD1104191095 Budapest Duna TV in Hungarian 1600 GMT 11 Apr 95

[FBIS Translated Text] Although the Hungarian-Slovak basic treaty leaves much to be desired from a professional aspect, this fact does not weaken its international significance, the chairman of the Coexistence Movement of Slovakia announced at a press briefing today.

Miklos Duray also said that the refusal of the document's ratification by the Slovak National Party cast a shadow on the two countries' future relations.

Arpad Duka-Zolyomi, deputy chairman of Coexistence, called attention to the fact that the Slovak National Party's latest proposal to amend the penal code and all the other proposals the Slovak National Party had submitted to parliament under the present government could be described as counterrevolutionary steps [as heard]. In his view, the basic principles of democracy have been ignored, and there have been attempts to restrict human rights and gradually dismantle democracy, while the opposition parties of parliament have been disregarded. This affects not only the [ethnic] Hungarian parties but all of the civic activists of the country, those who are thinking differently from those in power, and the press, which takes a critical attitude, the deputy chairman of Coexistence added.

'Tension' Seen Following Principal's Dismissal

AU1104165195

[FBIS Editorial Report] Slovak newspapers of 7 and 8 April continue to publish reactions to the decision of the director of the Roznava School Administration of 3 April to dismiss Alexander Toth, principal of a Hungarian-language school in Roznava, and two other Hungarian pedagogues who had organized the "first all-Slovak meeting of Hungarian teachers" in Roznava on 31 March.

Bratislava SMENA in Slovak on 7 April on page 2 carries a 300-word interview with Education Minister Eva Slavkovska by unidentified SMENA correspondents entitled "Hungarian Pedagogue's Undue Initiative?" In the interview, the place and date of which are not given, Slavkovska reacts to the correspondents' allegation that Principal Toth was dismissed in breach of existing legislation inasmuch his dismissal had not been proposed by the local school board. Slavkovska replies: "I did not see the notice of dismissal, but I supported the director of the Roznava School Administration in what he did. In our opinion, Principal Toth violated a different law. His case was a serious violation of labor discipline because he participated in organizing a methodology day that, according to the School Administration's Organizational Plan, had not been included among this year's planned projects. That is, it should not have been organized." As Slavkovska goes on to say, "There is no law requiring that the school board deliver its opinion in the case of a violation of labor discipline."

Bratislava SLOVENSKA REPUBLIKA in Slovak on 8 April on page 3 carries a 500-word interview with Minister Slavkovska by Dobroslava Krajacicova entitled "Degradation of Slovak Education." In the interview, the place and date of which are not given, Slavkovska criticizes the "offensive atmosphere" of the Hungarian teachers' meeting in Roznava on 31 March, which "forced representatives of the Ministry of Education and Roznava School Administration Director Jan Lesko to walk out." She points out that the Roznava meeting "seriously disrupted the operation of Hungarian-language schools" in the entire Roznava district, inasmuch as the schools' principals canceled classes "without School Administration Director Jan Lesko's approval,"

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and protests against the meeting were conducted in Hungarian rather than in the "official language." In this way, "the Hungarian teachers' meeting became a demonstrative attempt to deny the principle of our state's sovereignty," the minister says.

Bratislava SLOVENSKA REPUBLIKA in Slovak on 7 April on page 2 carries a 250-word report on a Ministry of Education statement released on 6 April in response to the rally held in Roznava on 4 April in protest against Principal Toth's dismissal. The statement denounces the "unprecedented self-serving campaign launched by representatives of teachers of Hungarian-language schools in Roznava district" and "their incessant lies that defame not only Slovak education, but the Slovak Republic as well." The report continues: "In connection with the rally held in Roznava on 4 April and the telephone call by an unidentified person about the alleged planting of a bomb in the building of the Roznava School Administration, the statement expresses the view that 'our fellow citizens of Hungarian nationality are going too far and the Prosecutor's Office should take action expeditiously. Everyone must realize that we will not tolerate destabilization of the sovereign Slovak Republic. Threatening civic disobedience if the director of the School Administration does not cancel his decision to dismiss Principal Toth, as reported by [Budapest] Radio Kossuth on 4 April, is going too far.'"

Bratislava PRAVDA in Slovak on 7 April on page 2, under the headline "Hungarian Civic Party: Escalation of Tension," carries a 200-word TASR report on a Hungarian Civic Party [MOS] briefing held in Bratislava on 6 April. The report quotes MOS Deputy Chairman Laszlo Gyurovszky as saying that "the MOS regards the dismissal of three Hungarian pedagogues in Roznava district shortly after the signing of the basic Slovak-Hungarian treaty as a serious threat, which is why it has addressed an open letter to the supreme representatives of the Slovak Republic, asking them to halt a process, the consequence of which is escalating tension in southern Slovakia." Gyurovszky also announced that an "all-Slovak assembly of Hungarian pedagogues" will take place in Komarno on 22 April to consider the "situation that has arisen in the wake of the dismissal of Principal Alexander Toth" and to demand that the process of introducing "alternative schools" in southern Slovakia be halted.

The MOS briefing is also subject of a 300-word Ondrej Dostal report in Bratislava SME in Slovak on 7 April on page 3. MOS Deputy Chairman Gyurovszky is quoted as saying that Principal Toth's dismissal had "an unequivocal political and ethnic tinge" and that the MOS qualifies this "attack on ethnic schools" as a "gross attack on national identity." The MOS has reportedly asked its district organizations to provide information on "any similar attempts," which it will "combat by all available legal means."

Minister Discusses Mochovce Power Plant Financing

AU1104135695 Bratislava SMENA in Slovak 6 Apr 95 pp 1-2

[Interview with Slovak Economics Minister Jan Ducky by Martin Benko in Bratislava; date not given: "Japanese Capital Also in the Money Game"]

[FBIS Translated Text] At the session the day before yesterday, the government acknowledged the report by the Economics Ministry on the current situation and the future securing of finances to complete the Mochovce nuclear power plant. Economics Minister Jan Ducky gave us more details about it.

[Benko] According to the report, the planned share of the consortium of Czech commercial banks and organizations and Russia in financing the completion of the Mochovce nuclear power plant comes to 14 billion Slovak korunas [Sk]. With the offer by Skoda Praha, the price of the completion of Mochovce has been reduced to between 900,000 German marks [DM] and DM1 billion, which is approximately between Sk20 billion and Sk22 billion. There still is some Sk6-8 billion missing. How do you want to get this sum?

[Ducky] I do not consider this quantification to be final because it allows for alternatives and is not a definite result of calculations. We are talking only about the first information from the Czech side. There are three alternatives: One is the consortium with substantially lower cost, another is a combination of the consortium and Russia, and the third is a combination of all three partners with a possible involvement of the Slovak banks. A fourth alternative for procuring the funds has just been added.

The National Bank of Slovakia reported that it has received offers of long-term credit under very favorable conditions. There is a 20-year loan from Japan, for instance, for the modernization of combustion in the Vojany power plant, to the amount of $157 million and under very good conditions, or a $60 million from the Japanese EXIM bank. I consider time to be the main criterion. We will really hurry to choose the most suitable partner.

[Benko] How much time do you have left?

[Ducky] I believe it should have been done already. Every day of delay in the completion of Mochovce costs Slovakia a lot of money.

[Benko] Which of the four aforementioned alternatives do you consider the most realistic and, from the point of view of economy, the most advantageous one for us?

[Ducky] I would prefer the tricombination—the consortium, Russians, and Czechs.

[Benko] So it would be without a participation of the European Bank for Reconstruction and Development (EBRD)?

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[Ducky] No, the EBRD, together with Electricite de France (EdF) and Bayernwerk, is in the consortium.

[Benko] Is there a realistic chance that the EBRD will not give up financing the project because of the newly arisen situation, and will provide its share for the completion of Mochovce?

[Ducky] I believe so, because we are acting in the market manner. Opportunities arise, and they must be used.

[Benko] I ask because one of the main conditions of the EBRD was that two units of the Jaslovske Bohunice V 1 plant would be automatically shut down when the operation of the Mochovce power plant is launched.

[Ducky] We have never discussed an automatic shut down. We have always referred to a test run plus one year of regular operation.

[Benko] Allegedly there is no longer any discussion of the shut down at the Jaslovske Bohunice power plant, and Skoda does not insist on it either.

[Ducky] Skoda will not be making this decision. It will be our decision.

[Benko] The report also includes a clause stating that if sufficient funds are not procured for the completion of Mochovce, the money could be generated by raising the price of electric power by 30 percent at the end of this year, which would bring in Sk4 billion. Are you counting on this prospect?

[Ducky] We have not accepted this idea, which came from the power generating industry. It is an idea of the industry people and not of the government. We should not use this approach in adjusting the price of power.

[Benko] What will the government representative take with him to the talks with EBRD representatives in London next week to persuade them to participate in the project?

[Ducky] It is also in their interest. Why do you always phrase it as persuading someone? We will pay the credit and the interest, so it is also business for the other party. If Slovakia acts in the market manner, there are all kinds of suspicions. The cost itself includes a large profit. So, it is in the interest of both parties, and not just of Slovakia.

Parliament Amends Election Law

AU1204063895 Bratislava NARODNA OBRODA in Slovak 8 Apr 95 pp 1-2

[Article by Ivan Samel and Zita Sujova: "Approved Election Law Amendment Is Retroactive, According to Some Opinions"]

[FBIS Translated Excerpt] The sixth National Council of the Slovak Republic [NRSR] meeting continued yesterday with a debate on the draft amendment to the election law, whose basic idea is that deputies' substitutes should not be chosen according to the order in which they were ranked on the slate of candidates, but on the basis of selection by the relevant political entity. Dusan Macuska from the Movement for a Democratic Slovakia [HZDS] justified the draft by the need to select substitutes who will be qualified replacements for deputies whose mandate ceased being valid or are no longer being exercised. According to the initiator of the draft, the amendment is aimed at improving the quality of the legislative body's work.

Michal Bencik (Common Choice) said that the draft amendment was self-serving and politically motivated and that it suited party bosses. According to G. Bardos (Hungarian Coalition), by changing in the middle of the electoral term voters' decision, the amendment creates scope for changing the results of parliamentary elections and is "clearly retroactive."

He said that the coalition's argument that the amendment was aimed at continuity of parliament's professional composition was misleading because the government coalition did not respect professional criteria when deciding on the composition of NRSR committees. Peter Lauko (Christian Democratic Movement) said that the draft's passage would make it possible to manipulate the results of parliamentary elections and that it was another step toward an authoritarian regime and toward building a personality cult. He proposed that the amendment be withdrawn from the agenda.

Jozef Mikluscak (Christian Democratic Movement) said that the main reason for putting forward the amendment was that, once the law on the conflict of interests is passed, a number of coalition deputies will have to leave the parliamentary benches. [passage omitted] The deputies accepted Dusan Macuska's (HZDS) modifying proposal that the substitute must come from the same constituency as the original deputy and Vladimir Mikulka's (HZDS) proposal that voters' preferential votes be accepted. Parliament passed the amendment to the law on elections to the NRSR by 78 votes.

Deputy Jan Borovsky proposed that parliament discuss the proposal of the Association of Workers of Slovakia [ZRS] Club of Deputies that Miroslav Kocnar be dismissed from the post of chairman of the NRSR Mandate and Immunity Committee because of loss of trust. [passage omitted] Parliament dismissed Miroslav Kocnar from the post of committee chairman by 70 votes out of 77 present. During the vote, seven ZRS members either did not report their presence or did not vote. [passage omitted] The next point on the agenda was the election of a new committee chairman. Anton Poliak (ZRS) and Jozef Pribilinec (Common Choice) were put forward as candidates. Out of 85 participants in the secret ballot, 74 deputies cast their votes for Anton Poliak, who became chairman of the Mandate and Immunity Committee. [passage omitted]

The last item on the agenda of the NRSR meeting was the "Report on Monetary Development in the Slovak Republic in 1994," which was submitted by National

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Bank of Slovakia Governor Vladimir Masar. He noted that the economy of the Slovak Republic demonstrated viability and growth in 1994, that the Slovak koruna's exchange rate remained stable, foreign exchange reserves grew to $2.6 billion, the annual rate of inflation did not exceed 13.2 percent, and GDP grew 4.7 percent.

The deputies took note of the report, whereupon NRSR Deputy Chairman Augustin Marian Huska, who chaired the session, declared the sixth NRSR meeting closed. The next meeting of parliament will convene in the first 10 days of May.

[Bratislava PRAVDA in Slovak on 8 April on pages 1 and 2 caries a 600-word "sm, TASR"-attributed report on the last day of the sixth NRSR meeting, which adds: "During the meeting, Miroslav Kocnar, Terezia Chlebova, and Marian Polak notified Jan Borovsky, chairman of the ZRS parliamentary club, that they were leaving the ZRS club. The reason they gave for their decision was that 'senior ZRS officials are changing the ZRS statutes to suit their own needs, do not respect comments from districts, and expediently liquidate ZRS founding members and deputies.'"]

Movement of Czechoslovak Democrats Established

AU1204063995 Bratislava SMENA in Slovak 10 Apr 95 p 2

[TASR report: "The HCSD—A New Entity"]

[FBIS Translated Text] Bratislava—A new political entity, the Movement of Czechoslovak Democrats [Hnutie ceskoslovenskych demokratov (HCSD)], was established on the Slovak political scene on 8 April. It happened at the merger congress of the Movement for a Prosperous Czecho-Slovakia and the Party of Free Democrats held in Bratislava. According to the movement's chairman, Juraj Stracelsky, the successor entity will carry on with the ideas and programs of its predecessors. It is setting itself the goal of supporting the maintenance of above-standard relations between the Slovak and Czech Republics, first and foremost, in the economic sphere, on which, according to him, the two countries are dependent. The movement wants to establish itself to the left of center on the Slovak political scene, while it will strive for cooperation with certain parties that have a similar orientation. J. Stracelsky explained that the movement intends to register itself in the next few days; he is not sure, however, whether it will be successful in its aim of preserving its current name.

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Bokros Explains Austerity Measures to Assembly

LD1204110595 Budapest Kossuth Radio Network in Hungarian 0800 GMT 12 Apr 95

[FBIS Translated Text] An hour ago, the National Assembly began a debate on the government's austerity measures. The debate was initiated by the Federation of Young Democrats. Currently the parliamentary group leaders are outlining their views following Finance Minister Lajos Bokros's opening address. Andras Kerekes reports from the parliament building.

[Kerekes] Referring to his talks in London, the finance minister said that the international financial world welcomes the government's efforts to reduce external and internal state debts and the balance of payments deficit, and these countries will finance Hungary.

Regarding debt servicing, he mentioned that debt could be eliminated by permitting inflation, but this would mean the disintegration of the economy. The other way is to curb inflation, which would reduce interest rates, and this is the direction that the government package will pursue.

The country is overspending and the entrepreneurial sector has no access to money. Thus the budget balance must be restored, the finance minister said.

He added that foreign experts have urged a speeding up of privatization. However, very little has happened in the past nine months in this respect. He went on to elaborate how conducive to growth the submitted package is. The fact that the deficit will be smaller is already an indication of this. The monetary measures will also encourage growth, because domestic demand must be restricted in order to regroup resources and take advantage of U.S. and West European prosperity. Therefore, the government is taking simultaneous steps toward stabilization and toward facilitating growth, Finance Minister Lajos Bokros said.

Many people are reacting to the planned measures by saying that they understand the need for them, but cannot accept those that affect them, Ivan Peto, leader of the Alliance of Free Democrats [SZDSZ] said. No matter what it promised earlier, the government has to act to prevent the collapse of the economy. The SZDSZ understands the need for the measures. Limping along instead of resolute action will lead to a further decline, Ivan Peto said.

Horn's Adviser Views Talks on Media Law

AU1104134395 Budapest NEPSZABADSAG in Hungarian 8 Apr 95 p 11

[Interview with Tamas Revesz, constitution historian, adviser to Prime Minister Gyula Horn on personnel matters, and head of the six-party negotiations on the media law, by Gyula Varsanyi; place and date not given: "Gyula Horn Wants a Media Law"]

[FBIS Translated Text] The first phase of a new six-party coordination on the media was concluded this week. An agreement was reached on the basic issues of regulating the activity of the public radio and television. At the same time, the government decided that the conference of state secretaries in charge of deciding government proposals should discuss the text of the media bill that has been "stagnating" since February, without including the current political agreements. Tamas Revesz answered our questions in connection with these two developments.

[Varsanyi] Can we interpret the current turn in the fate of the media bill as proof that Gyula Horn has no confidence in further media negotiations?

[Revesz] The prime minister is determined to see the settling of media affairs through consensus as soon as possible. I can say that he does not lack confidence. I have just handed him the 18-point agreement reached at the six-party talks, something that largely resembles the framework of his thinking, too. I am certain of this also because Gyula Horn's manifestations so far prove that he respects the press. No Hungarian press has ever been further from government influence than that of today.

[Varsanyi] However, we recall several gestures made by the prime minister and his entourage, gestures that, according to many people, show the desire to influence. As an example, let us take the political reservations connected with the chief editor of the Evening News program of the Hungarian Television. Has the idea of his dismissal in fact emerged?

[Revesz] One can say that it has emerged. At the same time, one should know that the prime minister has no authority whatsoever to carry out something like this.

[Varsanyi] The lack of authority does not exclude political influence.

[Revesz] Precisely at the time of negotiations on the media bill and before submitting the bill? No. This would be senseless because, after the legislation on the media bill, the reorganization of media institutions will include many changes, including personnel changes anyway.

[Varsanyi] But many people regarded the government's recent decision on dismissing 1,000 people from the Hungarian Television as outright interference, rather than influence.

[Revesz] The way I understand it, the government came to the conclusion that the extent of overemployment and expenditure prevailing in the Hungarian Television requires an almost 30-percent reduction in personnel. At other institutions, like the Academy of Sciences or the universities, this rate is 15 percent. Expressing the reduction in personnel in figures is only meant to stress the government's intention, but the government only has the authority to reduce the budget support for such institutions. It is noteworthy that, among the many points of

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the recent government decision, this one is followed with great attention. The fact that the Hungarian Television's budget has already reached about 28 billion forints and that its tasks have not increased since the change in the regime, only its personnel has increased, and many investigations showed continuous anomalies in the management of this institution is enough for the government to have a firm opinion on what should be done.

[Varsanyi] Let us return to the aforementioned new turns in the preparation of the media law: Does everything that is happening now show contradictory government intentions?

[Revesz] Before the current political coordination started, the prime minister made a few important observations about the media bill, observations he made public. He thought that the bill was not perfect because it is too complex and expensive, and leaves a series of issues unregulated, while it overregulates other issues. It has also been said that some elements of the 1992 proposal could have been taken over. This is when the franchise idea emerged too. Then came the idea of six-party coordination, an idea with which the prime minister always agrees when we are talking about a national strategic issue. The settling of the media affair is such an issue, and this requires the responsible cooperation of all the parliamentary forces. The current decision, which emerged after the conclusion of the first phase of the media talks, can be regarded as exercising pressure or at least a warning that time is passing. On the other hand, it also means that the government might submit the bill that parliament could modify through the six-party package.

[Varsanyi] But this is not what they meant at the beginning of the six-party coordination. Will this lead to new tensions between the government coalition and the opposition?

[Revesz] I do not think so. Besides, aware as I am of the media financing proposals included in the bill, I would not be surprised if the Finance Ministry representative opposed the idea of submitting everything to the government and the parliament in this form.

[Varsanyi] According to the Finance Ministry, the current two ground surface broadcast channels of the Hungarian Television cannot be financed. On the other hand, the current six-party coordination reached an agreement according to which the two channels should stay for the time being. Is this an irreconcilable contradiction?

[Revesz] One of the 18 points decided upon in the course of party coordination says the following: ".... the Hungarian Television sends its two programs to the consumers through ground surface broadcasting.... The National Radio and Television Board can decide on the use of one of the ground surface frequencies of the Hungarian Television and on other methods of broadcasting of the national program with a two-thirds majority." This is a budgetary approach. As for the aforementioned professional body set up by the media law, it will represent a "Euroconformist" media policy, a dual system containing public service and commercial channels as well. The contradictions can be solved in this way.

[Varsanyi] Many people say that you are the "father" of the franchise idea. Is that true?

[Revesz] I could not be that, because I am neither a civil lawyer nor a media lawyer. But I know at least three different plans prepared by others on the use of one or the other television channel in the form of franchise or privatization.

[Varsanyi] Will the franchise idea be discussed at the six-party coordination talks?

[Revesz] Franchising is one means of creating a commercial television network. The aforementioned body can use this if the law carries the basic regulations on commercial television broadcasts. Therefore, there is no need for separate regulations on franchising in the media law; at most, we only need a relevant sentence, something that already exists in the current proposal.

[Varsanyi] How much more time would the six-party coordination talks take?

[Revesz] At this rate, these talks will last for at least another month.

[Varsanyi] Could the agreements achieved so far be sufficient for the media law to be adopted?

[Revesz] I think that there is a six-party agreement on the desirable basic principles for the media and the public television and radio, and the parties in question regard these as the most important issues. However, we would like to carry through the whole coordination process.

Role of New Autonomous Gypsy Body Assessed

AU1104150595 Budapest NEPSZABADSAG in Hungarian 11 Apr 95 p 3

[Editorial by Gabor Miklos: "A Long Road"]

[FBIS Translated Text] Hungarian politics is hardly prepared for its new partner as of tomorrow: The National Gypsy Self-Governing Body [Orszagos Roma Onkormanyzati Testulet]. This legally and democratically elected body represents a minority of several hundred thousand people. Its power rests solely on this basis, and it will will have no more authority than that which it can squeeze out for itself. The minority law is only a possibility, but its various paragraphs will not raise the status of the Gypsy population, which has been forced to the bottom of Hungarian society.

The elections held in Szolnok on 9 April dispelled a lot of illusions. It turned out that the Gypsies are capable of organizing themselves. It turned out that the internal movements in Gypsy society do not follow the domestic

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political forces. One could see that there were considerable forces rooting against the self-government elections. One could hear voices saying that these elections were not valid because non-Gypsies were also allowed to vote for representatives of the local Gypsy self-governments. The location of the electoral meeting was criticized in the press, and so was the organization leading the victorious coalition. The election results, however, showed that the Gypsy population in Hungary wants a new and district-centered representation, and leaders who live among them and who have an idea of what it is like to live in the Gypsy settlements in Borsod, Zala, and Kunsag Counties. This is why well-known Gypsy politicians, worthy intellectuals, and legal protectors running on other lists failed to receive mandates, people who had earlier excelled in conveying the Gypsies' problems to society and its parties.

The coalition led by the Lungo Drom national Gypsy organization came out as the winner. The name means long road. One should know that this is an election alliance, and only thirteen people from the Lungo Drom itself are on the list. Representatives of all the counties are present in the elected body; many of them were previously members of the Phralipe or Gypsy parliament. Hopefully, the people who were not elected this Sunday will also be involved in this body's activity. The success of this Gypsy parliament in Hungary is in the interest of our society as a whole. The Gypsy population's living conditions generally deteriorated after the change in the regime, and the process of their integration into Hungarian society stopped. The poor became poorer, and those who slowly emerged from poverty fell back. Emancipation today seems more distant than ever. They only received the right to form political organizations, but this hardly compensates them for the lost working opportunities and the deteriorating housing and living conditions. There is a big gap between the majority in society and this minority. Open hatred of Gypsies came along with the political freedom. Gypsies are the main targets of racism in Hungary. Everyone has read prejudiced statements, and everyone has heard about police actions and special police treatment. The media also adds to the prejudices. It would be worth examining the stereotypes carried by the most popular cabaret programs.

Thus, the Gypsy population's adult and legitimate representation can now demand on the part of the general community honest treatment and the full assertion of the individual's dignity as a human being and citizen. They can now demand chances for better education and the implementation of existing opportunities. However, the Gypsies' political representation will not be able to solve the economic problems: there is hardly any need for unskilled manpower, no cheap social housing will be built, and there is less and less money available for aid. The Gypsy population will probably demand that its national self-government do something to improve their conditions, and the self-government can expect loud criticism. Hungarian society will expect the new body to ensure that these people of a different culture become similar to the majority in everything. They will have to think what can be achieved and what it is impossible to achieve, and where to start improving the coexistence of Gypsies and Hungarians. They will have to state what they are incapable of and what things they are not responsible for.

They should declare that there will be no Hungarian progress without Gypsy emancipation. This is the really long road.

Enterprises Slated for Privatization Viewed

95CH0181A Budapest HETI VILAGGAZDASAG in Hungarian 4 Mar 95 pp 87-88

[Unattributed article: "Industrial Investment Offers; Awkward List"]

[FBIS Translated Text] *It could be that the minister of industry and commerce wanted to compensate for the helplessness of privatization organizations when he discussed project lists for foreign investors put together by the ministry. Upon closer inquiry, however, we find that one of these lists has been classified top secret, and that the other, a public document, pertains more to a mistaken role, than to action requiring a real role to be played by the state or a ministry responsible for a branch of the economy.*

For the past several weeks it appeared that Minister of Industry and Commerce Laszlo Pal was trying to follow in the footsteps of his longtime predecessor Tamas Beck, who traveled around the world in 1989 with a list of 50 Hungarian state enterprises in his bag—except for the fact that in those days there was neither an AVU [State Property Agency] nor an AVRT [State Property Management Corporation]. A few weeks ago, upon his return home from an investors' conference in Cleveland, Laszlo Pal said that he had prepared a project list for potential American investors. Last week he once again made a statement—in this instance to NEPSZABADSAG—to the effect that, in order to help ensure this year's hoped for $2 billion operating capital influx, his ministry had prepared a package for foreign investors containing 70 specific preferential and privatization investment plans. Indications are that two lists might be involved. The Cleveland material contains 45 firms, some of which have already been privatized, while others were about to be sold. It has been alleged that the other list of 70 firms relates to a hoped-for, major, development loan from the German government, and is addressed expressly to German investors. Some officials have claimed the latter has been classified as a "top secret" document, while others were uncertain whether such a list existed at all. In any event, if a mysterious document like this had indeed been prepared, Laszlo Pal probably took it with him last Friday on an official trip to Berlin.

Although one cannot rule out the possibility that the minister's activities were motivated by the legislative

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confusion that surrounds privatization organizations, and by a personnel vacuum and the resultant inaction, many believe that this kind of action by the minister could confuse foreign investors who have regarded the AVU and the AVRT as the competent organizations in privatization affairs, and that the ministry's venture to act as a partner-seeking investment agency for already privatized firms may appear as a somewhat mistaken role.

Providing such information to investors for crisis management, area development, and structural transformation purposes could be more consistent with the "profile" of a specialized ministry, but countries seeking large amounts of capital usually "amend" such information by mentioning financial benefits. For now, however, nothing of this sort has been said. The competent ministery officials at the three-month-old Division of Industrial Development Programs reported on little more than the work they have begun to perform, and most of that was limited to definitions of tasks. According to these statements, ministry officials are preparing to develop "preferential projects and projects related to the development of already existing industrial facilities, which would help resolve economic and employment concerns in given areas, support the implementation of decisions made by the government, or catalyze industrial development, as well as processes increasing the ability of industry to be profitable." To provide examples, Ministry of Industry and Trade (IKM) officials mentioned the modernizing of the special aluminum oxide manufacturing process at the Almasfuzito Aluminum Oxide Plant, the structural change in the output of steel-belted radial tires for trucks at Taurus, and waste-processing programs—not quite convinced that these were the programs included in the list of 70, as mentioned by the minister.

In contrast, the "Cleveland list,"--a brochure with a modest outward appearance and an even-more-modest content—was accessible to anyone. This English-language, soft-cover booklet entitled "Investment Opportunities in Hungary" was prepared by the Hungarian Investment and Commercial Development Corporation (ITD), a background institution designed to support IKM activities. Upon inquiring we were told by ITD Director Csaba Kilian that, in conjunction with various presentations on investment opportunities, his firm regularly gathers information on Hungarian firms seeking foreign partners, or, in response to possible foreign initiatives, charts economic branches of interest—not necessarily for purposes of privatization but, for example, from the standpoint of cooperative production.

ITD prepared the list of 45 enterprises at the minister's request, partly by "recycling" the information already available, partly from offers made by the managements of these firms and partly from the supply of firms offered by AVU. The list is rather mixed in every respect. We find on it 100-percent-AVU-owned firms, as well as almost wholly foreign-owned companies originally established by private owners. The recorded capital of the firms offered ranges from 2 million to 2.8 million forints. The number of persons they employ ranges from 60 to 2,900, and their profitability and market positions show wide-ranging differences.

The feeling of "deja-vu" is reinforced by the fact that some of the firms on the list have also been part of Tamas Beck's "package." These include Perion Corporation (in Beck's days the Storage Battery Factory) and the Csepel Transformer Works. In both of these firms, the majority of the stock is presently held by employees participating in the respective MRP's [Employee Stock Ownership Program]. According to Transformer Works director Istvan Antal, the firm closed its books in 1994 with a "positive zero," along with sales revenues amounting to 391 million forints, and the company is seeking a foreign transformer-manufacturer investor partner in order to enable it to implement the company's development plans. Csepel Transformer Works is presently negotiating with Siemens but the deal may fall through, because an approximately 52,000-square-meter land area occupied by Csepel Transformer Works is owned jointly by the transformer factory and the former Csepel Works, and is an undivided part of Csepel Works' more than 1-million-square-meter "estate," the director said. Thus it is hard to tell why Csepel Transformer Works could be sold more easily just because IKM added the company to the list of firms offered.

The management of the similarly MRP-majority-stockholder-owned Szabolcstej learned for the first time from HVG that the company had been placed on the list. Director Istvan Marfoldi assumes that this has happened because AVU is trying to get rid of its 50-percent-minus-one-vote ownership share in the firm. The head of Szabolcstej, which owns 60 percent of the Turo Rudi [cottage cheese] market in Hungary, would not mind receiving an injection of foreign capital, nor would he object to dairy farmers' acquiring part ownership of the firm in exchange for compensation vouchers.

The "giant" on the list is BHG [Beloiannisz Telecommunications Factory], the company favored by the industrial policies of the 1980's and regarded as an exile in the 1990's, seemingly sentenced to death when it lost its bid responding to MATAV's [Hungarian Telecommunication Corporation] 1990 tender invitation to change the system. In 1993, however, the government added BHG to the enterprises known as the "dirty dozen," to be rescued by all means, and consolidated BHG's debt of one billion forints. BHG holds a 20 percent—to foreigners not too attractive—share of the digital central station market. It appears that by broadening its profile somewhat, by initiating projects like the already ongoing manufacture of telephone booths, the company could continue functioning. Based on projected sales revenues of 5.5 billion forints by the end of this year, chairman and president Laszlo Mikics is counting on a profit of 150 million forints before taxes, as compared to last

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year's 5.2 billion forints of sales revenues and 60 million forints of profits. Mikics feels that the time to privatize the 100-percent-AVU-owned firm will also come toward the end of this year.

The list also includes firms regarded as "eccentric," such as Pannonplast Holding, whose shares are quoted on the Budapest Stock Exchange, 70 percent of which is owned by foreign institutional investors. Pannonplast Holding is interested in attracting investors from the trade, to modernize its case compartment and barrel balloon [as published] products manufactured in Debrecen and to explore new markets for these.

The former Videoton's Ajka production unit, with a military profile, is also on the list. It was purchased in 1992 for 190 million forints by Quattro Ltd., owned by Gabor Szeles from Instrumentation Technology, Geza Kelemen from Control, Laszlo Andras from Co-Nexus, and Zsolt Harsanyi from Co-Invest. This firm is seeking a strategic partner from the automotive industry, one who would take part in technology development as well as in exploring new markets.

Hiradastechnika Corporation, whose profile ranges from aircraft and helicopter identification systems to the development and manufacture of cable TV systems, as well as Intertraverz Corporation, interested in the Russian market, seek partners to utilize their excess capacities, as well as for development purposes. Intertraverz is partly owned by Otto Hujber, the leader of the group that lobbies for state aid to revive the Eastern markets (HVG 22 October 1994).

Another cuckoo egg on the list is Hajdufrost. Creditanstalt, the Austrian owner who went bankrupt last year, sold 80 percent of Hajdufrost's shares to Alfold 2000 Ltd. Creditanstalt held a mortgage note to secure the Austrian share of ownership in exchange for a 1.6 billion-forint foreign exchange loan. This firm sells 94-95 percent of its products in the West European markets at present, and seeks a foreign partner to modernize its production lines—preferably one that would also bring in new markets. The companies offered by IKM also include two firms whose privatization tenders have already been announced by AVU. These are the Kuhne Agricultural Machinery Works and the Spiral Auto Corporation.

Canadians To Sign Large Press Privatization Deal

95CH0181B Budapest HETI VILAGGAZDASAG in Hungarian 4 Mar 95 pp 76, 81, 83

[Article by Gabor Juhasz: "Newspaper Privatization Complications; The Montreal Express"]

[FBIS Translated Text] *The largest privatization deal in the history of the Hungarian press is in the making. All signs indicate that a contract will be finalized in Budapest this week. By the terms of the contract the Canadian Hebdo Mag Inc. will acquire the advertising newspaper EXPRESSZ from the state-owned Hirlapkiado [Newspaper publisher] Corporation. Unless—as in the case of HungarHotels—someone interferes....*

"Much more!," John H. McBain, chairman and president of the Canadian Hebdo Mag Inc. (HMI) said, when asked whether he was paying 1.5 billion forints for the EXPRESSZ advertising newspaper. The Canadian businessman is scheduled to arrive in Budapest after press time, but last Friday, responding to our inquiry, he talked about the agreement as an accomplished fact. The pending sale of EXPRESSZ appears to be the largest Hungarian newspaper privatization deal thus far. No one has ever offered this much money for a Hungarian newspaper. Based on circulation figures and advertising revenues, NEPSZABADSAG holds the lead in the newspaper market. As part of privatizing NEPSZABADSAG in 1990, a new corporation was formed with a basic capital of 340 million forints. The German Bertelsmann firm acquired stock with a par value of 140 million forints in that firm, while the Free Press Foundation, the previous owner of the newspaper, received NEPSZABADSAG stock with a par value of 108.5 million forints, in exchange for the so-called goodwill it contributed.

The purchase of EXPRESSZ is also a major deal from the standpoint of the Canadians. In the fiscal year that ended on 30 June 1994, the Montreal-based parent firm had net sales revenues of Canadian $41.5 million (approximately 3.4 billion forints). It is planning to increase its sales revenues to $45 million in 1995, but these amounts are based on the operation of several Canadian and foreign enterprises owned by the parent firm. All in all, the Hebdo Group is the world's largest international conglomerate dealing with classified advertisements (we are told that the firm's sales volume is exceeded by only two firms, an American and a Japanese firm, but these firms are active only in their own domestic markets), and owns about 60 newspapers throughout the world. Including contractual workers, approximately 800 people work for the HMI. A 50-percent share of the firm is owned by Torstar Corporation (the publisher of the daily newspaper TORONTO STAR), and two 25-percent shares by John and Louise McBain, respectively. In Canada, the firm specializes primarily in vehicle and real estate advertisements. Its publications include Truck Trader, Auto Trader, The Old Car Trader, and The Home Renters Guide. The firm also has newspapers in the United States, France, Sweden, and Poland.

The name of the classified advertisement specialist HMI became known to broader circles in Hungary only as a result of the privatization tender invitation related to Hirlapkiado Corporation, but the Canadians have been "hanging around" EXPRESSZ for at least two years. Their real goal was not to acquire Hirlapkiado, but only EXPRESSZ, the paper that enjoys a monopolistic situation. The advantage of this newspaper is that it is a general advertising newspaper (anything can be found and offered for sale in EXPRESSZ, ranging from real

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estate to vehicles, and from investment partners to sex partners), and that it has no serious competitor in Hungary presenting a similar scope of advertisements. Most certainly, this is why HMI made an offer last year to Hirlapkiado, and to its owner, the State Property Management Corporation (AVRT), asserting that it would pay much more for EXPRESSZ alone than it would for the entire Hirlapkiado Corporation.

Accordingly, the Canadians know exactly what they want to buy. EXPRESSZ's profits in 1993 amounted to about 330 million forints, and allegedly to more than 400 million forints in 1994. The AVRT and Hirlapkiado did not issue a tender invitation for the sale of EXPRESSZ (it is not mandatory to do so), and they would enter into negotiations with other potential buyers only if the planned Hebdo agreement fell through. There is no explanation for this remarkable affection. In response to an inquiry last week we were told mysteriously—and anonymously, of course—by a person closely familiar with the EXPRESSZ case that "certain commitments which we do not refer to as contractual agreements also exist." (These could appear in the form of articles of agreement, or agreements specifying options.) To top things off, we also learned that Citibank has issued a guarantee regarding HMI's ability to pay. The Canadians are expected to establish a firm for the publication of EXPRESSZ. At the same time, however, responding to our question, John McBain denied that former Hirlapkiado chief Gabor Liszkay represents HMI in any form. "There is no official relationship between us," the HMI chief said.

Indications are that both parties are confident in consummating the deal quickly. There is good reason to hurry: both Hirlapkiado, and the AVRT, behind it, will be able to record a forint income amounting to billions, while Hebdo will acquire a leading newspaper in the market that has proven to be profitable in the long term, placing the firm in a classified advertisement market position akin to what a firm would have in television advertising if it acquired TV1. We learned that HMI is aware of this, and therefore, with due regard to the cancellation of the sale of HungarHotels by the government on grounds of a low purchase price, the Canadians proved to be flexible in the course of price negotiations.

Despite this, it is today by far not certain that everything is going to proceed smoothly. This is so because the Governmental Control Office (KEI), which played a key role in the hotel privatization case, is also investigating the EXPRESSZ case. Last December, Prime Minister Gyula Horn ordered the KEI to examine the legality of the 1990-94 "movement of assets" between Hirlapkiado and Pallas Newspaper and Book Publishing Enterprise—including the transfer of EXPRESSZ from its original owner, Pallas, to Hirlapkiado—as well as of privatization actions taken so far. "Our report will be complete in two weeks," we were told by KEI chief Sandor Rubicsek, but he did not provide details, claiming that only the person who had ordered the examination, i.e., the prime minister, had the authority to do so.

The dispute surrounding the transfer of assets may be traced to June 1990, when the prime minister, Jozsef Antall, appointed one and the same person—his confidant Jozsef Horti—to head both Hirlapkiado and Pallas, both of which functioned as state enterprises at the time. Experts claim that the legality of this appointment is beyond dispute because, at that time, both firms were state enterprises under state administrative management, with the Office of the Prime Minister exercising the rights of the owner. Due to its rather poor financial condition, Pallas produced a 112.1 million-forint loss in 1990 from 2.7 billion forints in sales revenues; therefore, it appeared to be beyond rescue. The events that transpired thereafter may be viewed in two fundamentally different ways. The view represented by persons involved in this matter holds that the loss incurred by Pallas was related to the termination of state support for cultural publications and for the so-called Soviet newspapers, as well as to the privatization of Pallas's newspapers (MAGYAR HIRLAP, MAGYAR NEMZET), and that therefore there had been concerns that the collapsing firm would bury under itself parts of the firm that performed public functions, such as the editorial office of the gazette and the money-making newspapers—and among those, primarily EXPRESSZ.

The other view, advocated primarily by the firm in charge of performing Pallas's final settlement, holds that the situation involved a simple salvaging of assets of questionable legality in order to conceal valuable assets of the deeply indebted Pallas from its creditors.

In any event, the fact is that the plan advanced by Horti, in charge of both firms, became a reality: In early 1991, Jozsef Kajdi, then administrative state secretary at the Office of the Prime Minister, informed Horti by letter that, as a first step, "upon your recommendation, I have transferred, effective 1 January 1991, the Gazette and Publications Editorial Directorate from the enterprise Pallas to the enterprise Hirlapkiado," (together with the Gazette's printing office in Lajosmizse). Having lost its newspapers, Pallas found itself in growing financial straits. Its net sales revenues for 1991 amounted to only 290.3 million forints, and its losses increased to 155.2 million forints. A number of petitions to liquidate Pallas were filed. Moreover, on 8 April 1992, the firm, which owed both taxes and social security contributions, asked that it be declared bankrupt. These petitions, however, never turned into official proceedings, allegedly also because Pallas always made payments to its most vocal creditors. By the end of 1992 the firm was virtually vacated. Its newspapers were sold, discontinued, or transferred to Hirlapkiado, and its sales revenues for that year amounted to only 76.1 million forints, ending with a loss of 254.5 million forints.

This is how the two firms stood in August 1992, when, based on a government decision, as an enterprise owned by the state in the long term, Hirlapkiado remained under the jurisdiction of the Office of the Prime Minister, while Pallas was transferred to the State Property

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Agency (AVU). But reorganization efforts did not come to an end: Hirlapkiado was split into two parts in 1993. One unit (managing newspapers, including EXPRESSZ) retained the firm's old name and was transferred to the AVRT, while the other unit, the Gazette and Newspaper Publishing Enterprise (managing the gazettes) became a limited liability corporation as of 1 January 1994 with a basic capital of 290 million forints. This unit remained under the supervision of the Office of the Prime Minister.

At this time the complications stem, in part, from the fact that Kontext German-Hungarian Investment and Consulting Ltd., the firm in charge of Pallas's final settlement, disputes the legality of the transfer of assets and has announced its claim for former Pallas newspapers transferred to Hirlapkiado. We learned that this firm filed several law suits last year relative to the transfer of EXPRESSZ and the sale of the New York Palace. Creditors are irked by transactions like the 1993 sale of the New York Palace, because Pallas sold this building to Hirlapkiado, and the latter sold the same piece of real estate on the same day to Profit Invest Corporation, one of the firms owned by Postabank Corporation, for 930 million forints plus general sales tax. Certain rumors hold that Hirlapkiado reaped 400 million forints in profits from this transaction; other, seemingly more credible sources claim that the firm's profit amounted to 230 million forints, at most. Information received from creditors indicates that Pallas still owes about one billion forints, and this is why the accounting firm is demanding the return of the newspapers (or, at the minimum, a share of the proceeds materialized as a result of their sale). The worth of the current assets is not large enough to pay off the debts, and thus the final settlement may turn into liquidation.

In contrast, the other side claims that Pallas, which once owned 163 pieces of real estate, still has enough collateral in the form of real estate (e.g., buildings on the Roman Shore [north of Budapest], and the real property identified as No. 5 Garai Street), even after it sold the New York Palace, as well as the castles at Tura and Acsa. Thus the accounting firm has neither a legal nor moral basis for demanding the return of the newspapers. (AVU would be entitled to receive whatever Pallas assets might remain after a successful final settlement.)

Not even possible competition disturbs the parties planning to consummate the agreement. A registered advertising newspaper KEK EXPRESSZ [BLUE EXPRESS] has existed ever since 1992. Norbert Siklosi, the former chairman and president of Pallas, founded this newspaper. Last year he contributed his rights as the publisher of this newspaper to the firm Pelikan Artistic, Book Publishing, and Distribution limited partnership, and became part owner of that firm. Blue Express, a limited liability corporation, was then founded with the participation of the limited partnership. The majority of the shares in this corporation are held by businessman Gyorgy Wossala and attorney Gabor Hargitai (these two persons are also part owners of Juventus Radio). "Blue Express is a phantom, a mere registration," a person familiar with the situation told us in response to our inquiry. He believes that this action could not disturb the sale of EXPRESSZ. The "blues," on the other hand, envision money flowing from the registration of this newspaper. They are trying to sell the yet-to-be-published paper to HMI, but do not rule out the possibility of actually publishing the newspaper, thus dividing the market.

As a first step, Blue Express Ltd. has already removed the roof from over the competition's head by purchasing Express Court on Jozsef Boulevard from the local government, (even though they still accept advertisements for Hirlapkiado's EXPRESSZ at that place). The owners of Blue Express Ltd. are still negotiating with HMI, but so far the discussions have not produced results. Gabor Hargitai told us, regarding the future: "We will publish KEK EXPRESSZ unless an agreement is reached with Hebdo by 1 April."

[Box, p 31]

Antenna Sopron

Hebdo Mag, Inc., interested in EXPRESSZ, would also like to acquire Antenna Sopron, Ltd., the operator of Panorama Radio. Hirlapkiado Corporation is one of the owners of Panorama Radio (the other owner is the Scientific Information Dissemination and Information Society of Sopron, the original holder of the permit to operate the radio station). The limited liability corporation was established on 10 April 1994 with a basic capital of 36 million forints. The radio station broadcasts on the Western—so-called CCIR—ultrashortwave band daily between 10 am and 6 pm. These broadcasts can be heard in the northwestern part of the Transdanubian region. We learned that it is this feature that makes the radio attractive. From an economic standpoint, this region is the second-most-highly-developed part of Hungary, after Budapest, and it is the most valuable region from the standpoint of advertising.

Nominee for Chief of Bank Supervision Interviewed

95CH0182A Budapest HETI VILAGGAZDASAG in Hungarian 4 Mar 95 pp 101-102

[Interview with Tamas Rusznak, nominee for chairman of the State Banking Inspectorate, by Agnes Gyenis; place and date not given: "On the Future of the Banking Inspectorate; Play It Again!"]

[FBIS Translated Text] *Tamas Rusznak, deputy chairman and president of Budapest Bank, previously deputy chairman of the State Banking Inspectorate (ABF), is supposedly returning as chairman of that institution effective 15 March. This financial and legal professional is a "team" member of newly appointed Finance*

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Minister Lajos Bokros. He wants to improve the much-criticized activities of the ABF not primarily by providing additional legal means for the organization, but by recruiting well-trained associates.

[Question] Have you received promises from the new finance minister and the chairman of the central bank to the effect that in the future, the ABF can function exclusively on the basis of rules established by law?

[Rusznak] Both Lajos Bokros and Gyorgy Suranyi have promised that they would support my ideas. Thus I hope that infighting is going to be greatly reduced, a matter that characterized the relationship between the ABF and the other two institutions before. I also managed to convince Gyorgy Suranyi to let ABF remain an independent institution, and that it not be merged with the central bank. In addition, I established a condition by which I would be permitted to initiate changes in the financial institutions law a month after taking office, changes that would make the ABF's independence clear.

This independence is presently infringed upon in several respects. Instead of having the finance minister supervise the ABF, I will recommend the establishment of a five-member supervisory committee. The committee would be composed of two high-level representatives delegated by the Finance Ministry and the Hungarian National Bank, respectively; the chairman of the ABF; and two outside financial experts who are independent from the banking sector. Once this committee is established, we would terminate the present Banking Supervisory Committee. This committee has no independent responsibility; but without its consent, the ABF has so far been unable to render a single decision in any essential matter. It would also be beneficial if banks could receive all their permits from a single organization, the ABF, including the permit to perform foreign exchange transactions. That permit is presently issued by the central bank. At the same time I will endeavor to free the ABF from inherited office functions, which left no time and energy to concentrate on specific things to be done.

[Question] In seeking amendments to the financial institutions law, will you make an attempt to acquire additional means for the ABF to intervene when banking operations are not sufficiently secure?

[Rusznak] What I am about to say may sound somewhat heretic, but in my view the available legal means are not the primary barriers that prevent the ABF from functioning effectively. The real problem is that amid still-amorphous and extremely risky market conditions, the Hungarian banking system is overseen by an inspectorate that has fewer, less-trained employees than similar Western institutions—or, for that matter, than the banks it oversees. The ABF is unable to pay high salaries, and to top things off, ABF employees are also subject to the provisions of the public employee law.

[Question] If softening the stringency of requirements contained in the financial institutions law is not what you recommend, what do you intend to do with banks whose capital correspondence index—the indicator of safe banking operations—falls below the 8-percent level rigorously required as of 31 December 1994 by the financial institutions law? From among these banks the state has left alone the small ones.

[Rusznak] Although the ABF has already received banking data released in January, it cannot take action against these financial institutions before it reviews the final, audited, 1994 balance sheets of the banks. This occurs when the spring general meetings are held. On top, nowhere in the world do they shut down banks based on the capital correspondence index alone, because this is only one of many indexes. These indexes are not absolutely reliable in Hungary, because of the shortcomings of the banking information system. At present, some Hungarian banks are unable to satisfy the security requirements of the financial institutions law in several respects. These banks do not regard privatization as a miracle cure. Nevertheless, privatization appears to be the most obvious solution. And if the transfer of a number of banks into private hands fails, it is always possible to merge these banks with other financial institutions, although to accomplish this usually takes several years even in Western countries.

Whatever happens to these banks, if anywhere, it is here that the rule "measure many times before you make a single cut" cannot be violated. Banks will experience the greatest of difficulties if the government decides not to sacrifice more from the state budget to help banks stand on their own feet, and leaves banks to themselves, forcing them to continue to perform balancing acts on their own. Under no circumstance should the government fail to complete an already started bank-salvaging program.

[Question] Are you not concerned about having to fight battles with Finance Minister Lajos Bokros, if you advocate the need for tough policies to a lesser extent than the need to provide state support for banks?

[Rusznak] There will be no disputes between the two of us in this regard. Both he and I fully agree that the propping up of banks with the help of the state—not infinitely, of course—can be continued only if the finance ministry establishes clear-cut and more stringent requirements than before for the leaders and owners of financial institutions, and thus also for itself.

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Walesa Receives UK Foreign Secretary

LD1204111595 Warsaw PAP in Polish 1100 GMT 12 Apr 95

[FBIS Translated Text] Warsaw, 12 Apr—President Lech Walesa today received British Foreign Secretary Douglas Hurd, who is paying a working visit to Poland. "We want to live in a secure and prosperous Europe," the president said, adding that, according to Poland's assessment, for the first time there is a chance for a new Europe.

Lech Walesa said that Poland would like to accelerate integration processes in Europe. In the president's view, the process of uniting Europe still has a few opponents. "I would not want the chance facing Europe to be wasted," he said.

Daily Sums Up NATO Parliament Members' Visit

WS1104124295 Warsaw POLSKA ZBROJNA in Polish 10 Apr 95 pp 1-2

[Article by Jan Forowicz: "Getting To Know Your Partner"]

[FBIS Translated Text] *Parliamentarians from NATO countries are avoiding talk of our joining the alliance, but they eagerly listen to all information on Poland's readiness to integrate with Western security structures.*

An observer of a meeting between Wieslawa Ziolkowska and her colleagues from the Sejm Economic, Budget, and Finance Commission and NATO parliamentarians could well be surprised.

Emissaries of NATO advisory bodies are not really interested in military issues! Lengthy talks with Deputy Ziolkowska pertained only to the economy, the declining budget deficit, state debts, reform of the social security system, and related issues. If the deputy had not mentioned what a burden it is for the state budget to support some defense sector plants at a certain point, military issues—even formulated so indirectly—would not have been addressed at the meeting at all.

A NATO subcommittee for economic integration between East and West visited Warsaw and Krakow on 2-7 April. Delegates met with the president of the Polish Republic, speakers of the Sejm and Senate, the prime minister, five heads of key ministries (including Deputy Defense Minister Jan Kuriata), three Sejm commissions, bankers, and various city mayors.

At the Ministry of National Defense, the guests asked a curt question about democratic civilian control over the Army. They were most interested, however, to hear a confirmation of Poland's desire to join West European security structures.

Backs Against the Calendar

At a meeting of the Sejm Foreign Affairs Commission, concluded by its chairman, Professor Bronislaw Geremek, NATO parliamentarians expressed their interest primarily with the condition of our economy and the organizational status of the Polish Army. They asked what these issues looked like from the point of view of meeting EU and NATO requirements. They wanted to know whether we fully recognize the obligations connected with membership in these structures and whether we realize the need to give up a certain part of our sovereignty as a member state to the EU authorities. They even observed our reactions to the abolition of border controls within the EU, asking whether we did not view this as an attempt at erecting a barricade to Poles.

In discussions of this issue, the agenda of Poland's entry into EU and NATO was not a key topic.

Controversy Within the Subcommittee

In a statement to POLSKA ZBROJNA, head of the delegation J.M. Calha tried to explain that all contacts established during the visit, seemingly unrelated to military issues, did in fact deal with them. Such talks, he said, would be beneficial for your attempts to join European and NATO structures. The integration process has to be intensified as top NATO authorities have decided that Poland should join NATO by 1999 at the latest.

Some of the delegates distanced themselves from the optimistic statements of Mr. Calha. Subcommittee Spokesman Kees Zijstra said in a short interview for POLSKA ZBROJNA: "Two issues were very interesting. First of all, the external conditions which have an impact on Poland's joining NATO and the West European Union. Some subcommission members claim that there is a lot you can do in this area. One could very well say that Poland will probably enter West European structures sooner than those of NATO."

"That view is not shared by all members of the subcommission," interrupted the lively J.M. Calha, listening to what Zijstra was saying. The head of the commission prefers to refrain from issuing this type of statement.

"Secondly," Zijstra continued, "I would like to stress the issue of future exercises and joint military maneuvers carried out on Polish territory. Some parliamentarians claim that due to Russian hypersensitivity, we should refrain from holding maneuvers in your eastern border regions."

Poland Now!

"Our stance," Prof. Geremek told POLSKA ZBROJNA, "is clear: In the case of Poland there is no collision between the two integration procedures with NATO and the EU. As far as our membership in NATO is concerned, we could be accepted even now. In any case, there are no obstacles, the removal of which would depend on Poland. As for full integration with the EU, the last barriers could be removed in 1996. There will be an opportunity to do that during the EU government session."

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The questions Poles were asked throughout the visit show that the guests wanted to learn as much as possible, but they already knew a lot about us before coming.

We hosted delegates of the subcommission for a second time. New people came, but the style of work remained as it was four years ago. The visit thus served rather as a verification of previously gathered data and an attempt at establishing the dynamics of changes in, for example, public spirits, or an examination of the new government's readiness to maintain the integration process.

The Poles hosting the West European guests unanimously stressed our readiness and determination to join NATO. Most recent opinion polls confirm that Polish society is equally determined.

Personnel Changes in President's Chancellery

WS1204114995 Warsaw RZECZPOSPOLITA in Polish 12 Apr 95 p 2

[Article by "P.W.R.": "In President's Chancellery; Kwiatkowski Comes, Ziolkowski Returns"]

[FBIS Translated Text] Tomasz Kwiatkowski was officially appointed to the post of under secretary of state in the President's Chancellery at 0900 on 11 April. He was entrusted with supervising the subject matter of the work done in the Legal Office. After Easter, Janusz Ziolkowski, head of the Polish President's Chancellery, will return to work after a long absence due to illness.

"The boss is fast," Kwiatkowski told RZECZPOSPOLITA. It is worth recalling that on 10 April he presented the president with his resignation from the National Council of Radio and Television [KRRiT]. Kwiatkowski admits himself that right now he is in a complex legal situation. On the one hand, he should continue to perform his tasks in KRRiT (Article 7, Paragraph 4); on the other, the law on radio and television prohibits holding an office in KRRiT and an office in the state administration at the same time (Article 8, Paragraph 4).

"The position that I will find myself in will be worthy of blame for a member of KRRiT," he said.

Meanwhile, the president's press spokesman did not have any information yesterday regarding the appointment of Kwiatkowski's successor in KRRiT.

Kwiatkowski highly values the accomplishments of Professor Lech Falandysz, his predecessor. He is not afraid of a situation in which the president would suddenly abandon his services.

"Such a dismissal is quite natural when a tool has ceased to be functional or when a material has been used up. This is not a marriage, it is a service."

He does not fear any difficulties in cooperating with other presidential aides:

"Minister Wachowski is a friend of mine; well, in general, I will not find myself surrounded by friends. I am not a man who is quick to cause a conflict," he assures.

Return After Easter

The person who introduced Tomasz Kwiatkowski to other employees was President's Chancellery Deputy Head Szymon T. Kociszewski. Kociszewski was appointed to this post on 10 March 1995 (after the dismissal of the previous deputy head Lech Falandysz). It was when Janusz Ziolkowski was on sick leave. Before that, Kociszewski was the director of the Finance Office, and then an undersecretary of state responsible for budgetary matters. Prof. Ziolkowski is returning after Easter, and this is when the formal division of duties with his deputy is to be made.

Prof. Ziolkowski's closest aides are still concerned over his health. They recall that the professor had already returned and resumed his duties before, but doctors insisted that he prolong his sick leave.

"The professor is certainly not a young man. There is still no certainty as far as his health is concerned," one of his aides told us.

Purzycki Is Not Coming Back

The phone that some time ago was used by the press spokesman was yesterday answered by an answering machine, which said: "This is Presidential Adviser Jan Purzycki's office. Please leave a message." It is worth recalling that Purzycki resigned from the position of presidential media adviser on 8 September 1994. He wrote to the president that he was not in a position to fulfill his duties "as long as the specter of an all-powerful cretin remains in the Presidential Palace." Early in March, the press speculated about Purzycki's return to office.

In the office of the press spokesman, the news about Purzycki's answering machine caused quite a commotion.

"What you are saying is interesting!"

(after a minute)

"Mr. Purzycki is not an adviser to the president. We do not know why the answering machine says so."

The issue was taken over by the President's Press Office. After a few minutes we were told that "someone has taken an old machine from the storeroom, but right now the machine no longer says what is said before."

Presidential Candidate Strzembosz Interviewed

WS1104140095 Warsaw GAZETA POLSKA in Polish 6 Apr 95 p 10

[Interview with Adam Strzembosz, candidate for Polish president, by Tomasz Sakiewicz; place and date not given: "I Know How To Win People Over"]

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[FBIS Translated Excerpt] [Passage omitted] [Sakiewicz] From which groups should your closest aides come?

[Strzembosz] I cannot give a direct answer to this question. The group of my closest aides should certainly include people from groups that have taken part in my election campaign. However, I would also have to invite people who do not belong to any party. Parties in Poland have attracted 1 percent of all adult citizens at the most. There exists a huge reserve of untapped forces, of highly qualified people. I hope that the campaign itself will encourage new people to appear on the scene and that it will strengthen our side of the political scene.

[Sakiewicz] There will be many people who will come out of nowhere.

[Strzembosz] No, there will certainly not. If people who do not belong to any party were people out of nowhere, almost all of Poland would be out of nowhere.

[Sakiewicz] You want to refer to the "post-August Poland.' Does this mean that your entourage will comprise politicians of the Freedom Union [UW]?

[Strzembosz] It is necessary to distinguish between parties and electorate. If one really wants to win, one must try to win over as many voters as possible, and this is not a matter of expediency. Many UW supporters radically cut their ties with the party after statements made by Ms. Barbara Labuda [concerning abortion rights]. It is worthwhile to try to obtain the support of those people.

[Sakiewicz] According to opinion polls, you enjoy the support of 5 percent of UW voters. On the other hand, there are a lot of people who do not accept the views of UW voters. Is it worthwhile to risk losing the votes of the anticommunist part of society just to save the support of such an insignificant number of people?

[Strzembosz] These people disapprove of the UW program and of the party itself, not of its voters. If UW fields Jacek Kuron (and I am positive about it), those who do not accept him will try to find someone else and they will either stay home or find such a person. It would actually not be bad at all if they found and voted for Adam Strzembosz. Is it really such a bad idea?

The biggest problem in Poland is this terrible factionalism and tremendous stupidity. As a result, defeats are noble and fights are fought dishonestly. If we want to build a Poland that will not be Kwasniewski's Poland, we must put an end to factionalism. It is not Kwasniewski and Oleksy who have created the current situation. We have created it ourselves, by splitting into many minor parties and thinking that all of them could win.

[Sakiewicz] Who will be your chief economic adviser?

[Strzembosz] I am looking for such a person. I have not made a final decision yet. There will certainly not be any people with crazy economic ideas among my advisers.

[Sakiewicz] Will Balcerowicz be one of your advisers, then?

[Strzembosz] No, certainly not. Balcerowicz does not fit in with my ideas.

[Sakiewicz] What are your ideas?

[Strzembosz] The main point is that the circulation of the nomenklatura's money should be prevented not only in privatization, but also in other processes. Another important thing is that Polish citizens should own more means of production—that is, a middle class should be established. A normal democracy cannot function without a middle class. Therefore, the slogan of promoting ownership will be one of the main slogans of my campaign. In line with the social teachings of the church, ownership not only motivates one to work harder, but also offers independence from the state and its individual structures.

[Sakiewicz] Does the fact that the problem of ownership is so vital mean that you will want to implement reprivatization?

[Strzembosz] Yes, to a limited degree. Total reprivatization is impossible—in agriculture, for instance. Nonetheless, reprivatization must be implemented because it would redress past wrongs; it is a form of privatization. People must be given back what has been taken away from them—a roof over their heads and their workshops.

[Sakiewicz] Which laws would you submit first if you became president?

[Strzembosz] There are many needs that must be satisfied. In fact, since 1989 none of the most fundamental problems have been resolved. A free market and political liberties have been introduced, but many things have not been implemented, such as reform of the education system, health service, and social insurance, as well as reprivatization. I believe that a president who is not running for reelection has slightly better chances to launch initiatives in these areas than political parties do. [passage omitted]

[Sakiewicz] Does this mean that you will allow people whose cooperation with the Security Service [SB] has been proven to hold state offices?

[Strzembosz] No, of course it does not. We should think about whether file-checking should result in punishing people whose cooperation with SB has been proven, or it should result in protecting the state.

The state must protect itself from people who may be blackmailed. It must protect itself from people whose character features do not allow them to take on certain tasks. It is not a good thing if, for instance, a person is an ambassador to a state which has files on him. Openness of public life should be guaranteed. A person running for high office in the state cannot be anonymous and have shady connections. Special control mechanisms ought to be introduced here. Hence the demand for file-checking.

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which, incidentally, is nothing unusual in many European countries. [passage omitted]

[Sakiewicz] What is your evaluation of the efforts that Poland has made so far to join NATO?

[Strzembosz] We certainly must join NATO; our independence is not yet threatened, but it may be threatened very soon. The federal Russia is still a powerful country and it is going through various crises. Imperial tendencies are being revived. It may seek solutions to its internal problems by being aggressive outside. It has always acted like this. It is necessary to join NATO and it is also the task of the president to provide an answer to the question of how this can be achieved as soon as possible.

[Sakiewicz] A good test that would prove our desire to join NATO is the case of Colonel Kuklinski [convicted of spying for the United States]. What would you be able to do about this as president?

[Strzembosz] I cannot do much as president [of Poland]; I can do much more, however, as president of the Supreme Court. The president [of Poland] can only pardon a person, that is, confirm his guilt and remiss his penalty. This would be unacceptable to Col. Kuklinski and I understand that he would not want to agree to it. What is needed is an extraordinary appeal from the final sentence in his case. [passage omitted]

Principles of Defense Policy Discussed

95EP0068A Warsaw MYSL WOJSKOWA in Polish No 6, Nov-Dec 94 pp 5-12

[Article by Brig. Gen. Boleslaw Balcerowicz, Ph.D.: "The Philosophy of Defense of Poland"]

[FBIS Translated Text] The events of the late 1980's and early 1990's completely changed the political situation in Central Europe. The variety and dynamics of changes gave rise to a need for new, national military thought. At present, perhaps more then ever before, a new Polish strategy of defense of the state, a military strategy, as well as a system of state defense, including mainly the system of defense capability management, are at issue. As it is, we still do not belong to military-political alliances and lack official security guarantees.

Philosophy of the defense of the state. Philosophizing about defense capability or the armed forces appears suspect in a way. It begs the question about what makes us do it and whether there is a need to do it at all. It is also worthwhile to explain what we mean by the philosophy of state defense.

Without dwelling on semantic issues, we should state that this concerns the way of thinking about the essence of defense (defense capability) of the state, thinking in terms of the state's reason for being, thinking grounded in historical experience and scientific accomplishments. The philosophy of state defense also involves the acceptance of a certain system of values and, finally, the acceptance of a certain system of notions.

A strategy adopted by the state is a natural outcome of thinking about its defense (defense capability).

Strategy of defense (defense capability). Military strategy Classical definitions of a war (military) strategy interpreted it as a component of military art which was hierarchically superior to operational art and tactics. Such definitions have referred to preparations for and the conduct of wars, and recently also to the prevention of war. However, "classical" strategies have always been associated with war.

This is no longer adequate at present because a close relationship exists between policy, policy instruments (the armed forces), and strategy. In this instance I see no need to either correct Clausewitz or comment on him.

Each state pursues its national objectives continuously in the time of both peace and crisis or war. To achieve this goal the state makes use of certain instruments while implementing a coherent strategy, the national strategy (in the United States, it is literally called the national strategy).

Diplomacy, the economy, and the armed forces are the main instruments of policy (national strategy). Therefore, depending on the instruments employed, we will be dealing with many "partial" strategies.

We are interested the most in the armed forces as one of the means of the state in achieving its tasks. This approach means that it will be a military strategy which amounts to the theory and practice of the use of the armed forces by the state to achieve its policy objectives.

Therefore, how are the notions "defense strategy" (defense capability strategy, strategy of defense) to be interpreted?

Military strategy means the preparation and use of the armed forces whereas defense strategy involves a more extensive set of means, namely the use of state resources for the defense of the state.

I believe that the multiplicity of "strategies" may be considered normal. It would suffice to find the proper entity, subject, or nature of a strategy as qualifiers in order to name and interpret the strategies correctly.

*Levels of thinking and action.*Given our realities, a discussion of this topic is still needed because practice confirms that misunderstandings in this matter entail bad consequences. Among other things, the content of postexercise critique and analysis sessions at the strategic and strategic-operational levels testifies to this. A classification of attributes of strategy, operational art, and tactics accepted by us is outlined in Table 1 [table not reproduced here].

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I would like to note that two levels should be discerned in strategic thinking (and action): the defense (defense capability) strategy of the state in which the state is the entity and its resources are the facility (means), and a military strategy in which the state remains the entity and the armed forces are the facility (means).

The "defense system of the state" corresponds to the defense strategy, and "the military system of the state" corresponds to the military strategy. Of course, both strategies are closely related, frequently intertwine, and are identical in some instances.

Here are some essential attributes of strategy (thinking and action at the level of strategy). I would like to draw special attention to the time frames. Instead of long constructs I will allow myself to adduce three significant facts from recent history;

the year 1914—a war waged by Germany on France. According to Kirchmayer, preparations (planning!) for the war took about 20 years;

—*the year 1939* (the second half of March)—the General Staff of the Polish Armed Forces began planning the defense against Germany (this is to say nothing about the quality of planning);

—*the years 1989-90*—within the framework of restructuring the Polish Armed Forces, three divisions at the eastern border of Poland were disbanded (on the eve of the dissolution of the Warsaw Pact).

A commentary would be trite in this instance.

Thinking about the defense of the state is inseparably linked to thinking about (the philosophy of) threats. We must admit that the problems of threats have recently figured prominently both in scientific research and activities in the area of security policy. In all of that, I would like to note the need to consider threats on two planes.

The first is threats perceived through the looking glass of history, culture, ideology, and primarily geopolitics. This incorporates thinking about the natural aspirations of nations, states (superpowers in particular), continuous policy trends, etc.

The second is threats perceived on the basis of an analysis of current, successively noted facts, events, and phenomena.

Both planes are important in strategic thinking although practice indicates that we are leaning toward the latter one; this may give rise to apprehensions about current analyses "obscuring" more distant time frames.

Here is one more observation about the attributes of strategy. The armed forces are a policy instrument so important that sometimes they can be overused. They may also give politicians deceptive notions about the effectiveness of their use. The events in Somalia provide much food for thought on this topic.

Strategic objectives. The issue of defining, specifying, or formalizing strategic objectives for the defense of the state calls for further research (of a rather short duration). At present, the prevailing view is that strategic political objectives should be derived from:

the essence of national existence;

the essence of the operation of state;

the set of national interests;

the state's reason for being perceived in the context of geopolitical, economic, and military interests, or in the context of the state's potential.

In turn, strategic military objectives are derived directly from political objectives.

In most states, strategic political objectives (sometimes military objectives) are officially formulated and expressed in relevant documents. In our country, they are outlined in the Assumptions for Polish Security Policy and the Security Policy and Defense Strategy of the Republic of Poland.

The strategic objective of defense in the Republic of Poland (according to the Assumptions for Polish Security Policy) is to preserve the sovereignty and territorial integrity of the state. In turn, the strategic military objectives are:

—to control crisis situations of a military nature;

—to actively counteract armed aggression while at the same time making diplomatic efforts;

—in the event of a local conflict, to stop and rout the adversary (in principle, on our own);

—in the event of a war transcending local conflicts—containing the invasion by inflicting losses on the aggressor, demonstrating our determination to defend ourselves, and buying time that allows other states and international institutions to respond.

For the sake of research and by way of a hypothesis, I accepted that the strategic political objectives of the Republic of Poland are as follows:

1. The existence of Poland as a sovereign state developing within the current borders.

2. The enhancement of the international standing of Poland (the specific purpose being to join the West European structures).

The strategic military objectives of the Republic of Poland are as follows:

1. The main objective—to ensure the sovereignty and territorial integrity of Poland.

2. Intermediate objectives:

—to discourage the use of military force as an instrument of political pressure by potential aggressors;

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—to discourage armed aggression by potential aggressors;

—to effectively resist armed aggression.

3. The specific objective—to further Polish interests in the international arena through the participation of the armed forces in international military missions.

Issues in opting for strategic action. Opting for a strategic action should result from thinking about the defense capability. Certain criteria need to be accepted in order to accomplish this. For the purposes of my considerations, they will follow from the main strategic political objective (the existence of Poland as a sovereign state developing within its current borders) and the main strategic military objective (ensuring sovereignty and territorial integrity).

The possible strategic options in accordance with the four successive criteria may be described as:

I. Political-military.

1. Joining NATO (possibly [obtaining] guarantees).

2. The European military security system.

3. Self-dependence (forced) in defense.

II. Assessment of military threat.

In terms of scale:

1. Local conflict.

2. Large-scale war.

In terms of direction:

1. Eastern (currently and in the long term).

2. Western (currently and in the long term).

3. Eastern and western (currently and in the long term).

III. The need to offset (neutralize) the superiority of the aggressor.

1. Maneuver.

2. Defense preparation (of the terrain).

3. Comprehensive defense (armed and nonarmed resistance).

4. Comprehensive, well-prepared, and mobile defense.

IV. The mode of engaging in hostilities (opting for an action strategy).

In commenting on the above, we should view as a good omen the fact that the height of "NATO-mania" is already behind us, and that the recognition of reality, that is, the need to count on our own resources, is increasingly widespread. It is good that the myth about someone taking care of our security for us is being debunked.

If nothing else, the experience of the year 1939 prompts us to ponder the consequences of an excessive confidence in alliances.

In summation, the strategic option may be expressed in the following points:

1. Given that the Republic of Poland remains outside alliances, its strategy must be based on self-dependence in defense; however, at the same time Poland should be prepared to join alliances and act within a coalition or a collective security system.

2. In view of possible threats this should be a strategy which prepares the state (the army) to counteract all threats and to ensure the favorable settlement of a local conflict.

3. Given the superiority of the military potential of possible adversaries, the assumptions for the strategy of the Republic of Poland should provide for offsetting it by creating a system of comprehensive prepared national defense.

4. From the standpoint of engaging in hostilities, this should be a defensive-offensive strategy combining mobile actions of well-trained operational troops with the efforts of territorial defense and providing for comprehensive armed resistance through regular and irregular actions in combination with comprehensive nonarmed resistance—the self-defense of population (the hard resistance strategy).

Meeting these requirements will make it possible for the adopted strategy to retain the indispensable quality of flexibility (availability of alternatives).

Walesa's Use of Vistula Army Units Viewed

95P20687A

[FBIS Media Note] After two years of little publicity, the Vistula Army Units [Nadwislanskie Jednostki Wojskowe (NJW)] were again discussed in the press in the context of the February parliamentary crisis. A 4-5 February article in the Democratic Left Alliance (SLD) newspaper TRYBUNA suggested that Walesa "might try to use the NJW against parliament" and concluded that the "NJW has no place in a democratic society" and should be "disbanded." The units, which were intended to safeguard internal order, have had a special significance for President Lech Walesa, who has tried unsuccessfully since 1993 to turn them into a National Guard directly under presidential control. [See FBIS Media Note 93-197] Walesa has considerable influence over the units because they are under the control of the minister of internal affairs, who is one of three ministers appointed by the president.

GAZETA POLSKA also devoted a whole page to the NJW in its 9 February issue. The article, written by Piotr Jakucki and Tomasz Sakiewicz, suggested that the NJW is potentially a sinister force, saying that "the constant changes" in personnel and materiel stipulated by the

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president during the past few years indicate that it has become "the iron guard of the president." The article also provided a detailed description of the units and their current status.

Functions

According to the article, the duties of the NJW are to ensure the security of the state administration and presidential buildings, as well as of all diplomatic facilities (numbering about 130). The NJW also directs the activities of the parliament's guards in crisis situations and provides security for important foreign visitors, including the pope on all of his visits to Poland in the past. The NJW forces should not be compared with regular army units, the article cautioned, because they are more skillful and better equipped, and they are responsible for the security of important facilities.

Current Combat Readiness

According to the article, while the NJW budget increased "only" 12 percent in 1994 and the units' personnel suffered severe cuts in rations and salaries, NJW equipment has been upgraded since November 1994, and the units have remained in a "state of higher combat readiness" (podwyzszona gotowosc bojowa), which can be ordered only by the minister of internal affairs. This readiness can be introduced for an unlimited period of time and entails more intensive operations than normal. Any missions ordered during the "state of higher combat readiness" must be carried out in less than 18 hours' time. A rapid seizure of state administration buildings could take place under the condition of "higher combat readiness," note the authors of the article.

Command Structure

The NJW units are under the direct command of the minister of internal affairs, who at present is Andrzej Milczanowski. This subordination of the NJW makes it a "primary force" in resolving any political conflict within the country, the article said. Currently, the units are supervised by a deputy internal affairs minister, Colonel Henryk Jasik, and are under the command of Rear Admiral Marek Toczek. Toczek's close collaborators are Colonel Gabriel Zmarzlinski (with the ministry before 1989) and Colonel Stefan Slowikowski (with the General Staff).

Organization

The NJW numbers 13,000 soldiers, but in time of war the number of troops may increase to as many as 30,000, the article said. The units include 2,500 professional soldiers and a large, undetermined number of contract soldiers. Recently, the NJW was "reinforced" by 100 officers the General Staff transferred from the Army. Under certain conditions, some units normally subordinated to the Ministry of National Defense may also be incorporated into the NJW. The NJW Motorized Brigade includes 27 storming companies whose role is to take over, if the need arises, important state administration buildings.

NJW Equipment

The combat equipment of the NJW is appropriate for use in clashes in both open areas and cities, reported the article. The equipment consists of armored vehicles (several dozen), water guns, trucks, mortars (nine of them in every storm company, mainly 82-mm). Individual weapons include several thousand rifles (mainly Kalashnikovs), machine guns, and the lighter type of handguns (PK). The armored vehicles are equipped with heavy-type PKS guns and SWD sniper rifles with infrared scope. NJW soldiers are equipped with bullet-proof vests, gas masks, and the most up-to-date munitions. In addition, the article said, the units have Mi-12 helicopters and two Mi-24 aircraft in their inventory.

Coal-Mining Industry Mismanagement Revealed

95EP0071A Warsaw TYGODNIK SOLIDARNOSC in Polish No 7, 17 Feb 95 pp 12-13

[Article by Agnieszka Rybak: "The Black Hole. Trillions Are Leaking Through the Coal Companies"]

[FBIS Translated Text] *The release of Andrzej P. who was suspected of participation in the misappropriation of 7 trillion zlotys (into the custody of Ireneusz Sekula and the former Governor of Katowice Henryk Wnuk) and the murder of Miroslaw Major, the director of the Staszic mine, made the public take note of the coal affair.*

The PAWK [State Hard Coal Agency] has estimated the arrears of the mining sector to the state treasury to be 30 trillion zlotys. In 1994 alone, hard coal companies generated arrears of 5 trillion zlotys[Z]. At the same time, arrears owed to the companies come to Z8 trillion. Who are the debtors of coal companies? Why can these arrears not be collected?

On Their Own Account...

Everything began in 1991 and 1992, when mines began to operate on their own account, and subsidies to mining were eliminated. The systemic changes resulted in schools, boarding schools, hospitals, and large state enterprises running up a debt to mines. In explaining the huge debts of mines, their directors most frequently pointed to such accounts receivable on which they could not collect. However, even at that time coal appeared on the market which was being sold at prices lower than the cost of production. Who made money off this "loss"?

At the beginning of 1993, mines were merged (a few or a dozen or so of them) in coal companies in order to spare them from competing against each other in western markets and to secure jobs for workers in unprofitable old mines. The Ministry of Industry and Commerce, the owner of mines, created seven such companies on behalf of the state treasury, including the Katowice Holding Company.

The new structure including the chairman, the council of trustees, the board, and mine directors drawing lavish

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pay, was supposed to manage concerns in a more professional manner. "Professionalism" cost dearly (the salaries of the chairmen and members of the councils of trustees of the companies are confidential, but unofficially it is estimated that maintaining a chairman costs about Z500 million a month, which is to say that about Z200 million ends up in his pocket). Mine directors have more modest earnings in the range of Z30-Z60 million.

The marketing departments of mines engaging in the sale of coal were automatically taken over by the companies, forming Coal Sales Units within them. Nobody held the mines accountable for their previous activities, yet there were things to be accounted for. Mines were plainly robbed. The pattern of fraud was simple. Small limited liability companies or companies under the civil law appeared as middlemen between the coal suppliers (mines) and coal buyers (for example, power stations). The middleman-company took care of the paperwork, whereas the merchandise was delivered straight from the mine to the client without any participation by the company.

In 20 Different Ways

Solidarity trade union functionaries who collected materials related to this counted about 20 openings for abuses in the mine-company-customer arrangement. The documents they and prosecutor's offices have assembled testify to this.

Interest-Export-Import, a company from Lodz, sent an order for 3,000 metric tons of coal worth more than Z1 billion to the Rozbark mine...by fax (having never previously been a customer). The order was filled by a marketing inspector (currently a defendant in a criminal case) while his supervisor was on leave. He did not verify the company's bona fides despite the fact that the company sent a document verifying its entry on the register of economic activities and the Regon notification concerning its bank account number and balance likewise by fax. When an attempt to collect the payables was made it turned out that one of the company employees resided at the registered address.... When importuned he made the statement that he had not signed any contract with the mine. Since the mine had no confirmation to the effect that he had the case was closed.

Arrest warrants have been issued for the owners of many companies (for example, the owner of Donimeks which owes the Szombierki coal mine more than 500 million zlotys, or the owner of Nora which owes the Bytom Coal Company almost Z2.5 billion). Until recently, the vanishing companies identifying themselves with stolen documents and lacking addresses were the clients of mines.

Kazimierz Grajcarek, deputy chairman of the NSZZ Solidarity section of coal mining, says that about 30 such cases were uncovered at one mine of the Bytom Coal Company alone. Prosecutor Halina Barwinek Folek from the Regional Prosecutor's Office in Bytom estimates that there have been about 150 such cases in each concern!

"Circumstances that favor the commission of crimes of this type include the failure of mine and coal company executives to comply with in-house rules for the sale of coal, a failure to check out the financial standing of companies which order deliveries, the shipment of large deliveries of coals on the basis of faxed orders, further merchandise deliveries to customers who have not made timely payments, a lack of response to a failure to settle accounts payable at the appointed time and past it, and bringing suits for payment after a long period of time (frequently up to a year!) which made it possible for the debtor companies to liquidate themselves."

Good Old Methods

An NIK [Supreme Chamber of Control] audit in June 1994 indicated that the methods used by marketing departments in mines were practiced in companies. In 1993 and for five months in 1994, the Bytom company registered negative financial results coming to Z1,365.9 billion and Z147.2 billion, respectively. The bulk of the losses was caused by the sale of coal to insolvent customers. Accusations leveled against the Coal Sales Unit concern the absence of an organizational structure, determination of jurisdiction, and the division of responsibilities and liability of employees (between the moment of its establishment in October 1993 and January 1994). The lack of a clear-cut division of competence created a convenient environment for abuses. The incidence of hard-to-recover credit rose during this period of time. The NIK audit established that the Coal Sales Unit disobeyed the established statute and filled orders despite failures to settle earlier accounts payable. This was the case with companies mentioned in the report. For example, based on a decision of the Coal Sales Unit director, Basket received coal worth Z1.2 billion, despite the fact that its arrears to the Bytom Coal Company had already exceeded Z7 billion. In March 1994, the Terma DOM company received coal worth Z1.9 billion despite arrears coming to Z1.1 billion. On frequent occasions, the Coal Sales Unit did not initiate proceedings against its debtors. Sometimes proceedings were postponed until long after the payment due date, whereas recovery efforts boiled down to reminders over the telephone long after the payment due date. Proceedings against some companies were discontinued.

The NIK report signed by Kosmolski, the chief of its Katowice office, reads: "Findings made in the course of the audit indicate that no vigorous actions were taken by the company to reduce past-due accounts payable for the coal sold. The infringements and irregularities which have developed in the accomplishment of its tasks resulted from a lack of adequate supervision and functional control on the part of the board of the company and the rest of the personnel holding supervisory positions in the company."

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However, the trade unionists view the NIK report with reserve. They believe that materials could have been doctored before the auditors appeared. Nor can the trade unionists understand why the NIK disbanded in 1992, as if to the swindlers' order, the Mining, Power Generation, and Materials Management Group with an office in Katowice. At this point, professionals were let go. Why?

Adam Jawor, press spokesman of the mining secretariat, said: "I believe that all company chairmen are culpable and responsible because they are paid for knowing what happens to the coal. Such dealings cannot occur without luminaries, without individuals who have a good standing within the current political arrangement."

Hushing Up the Affair

It would appear that after the discovery of fraud at the Bytom Coal Company by the NIK, the remaining six companies would be "placed under a microscope," but alas.

Miners working for the Vistula Coal Company say: "Terror prevailed at the Vistula Coal Company. The chairmen and directors of mines made every effort to prevent any undesirable information from getting out."

As an example, they mention an event in the spring of 1994 when, following an accident at the Czeczott mine, the director did not consent to a member of the rescue team coming down to the mine because at the time that member was a functionary with the Solidarity authorities.

The miners say: "They were afraid to let in a professional lest, for example, it turned out that there were violations in operations."

When Chairman of the Vistula Coal Company Dr. Jerzy Chowaniec (economic adviser to Prime Minister Pawlak) fired through disciplinary proceedings three employees of the Czeczott mine who were members of the Solidarity enterprise commission in August 1994, it was assumed that this had something to do with materials on irregularities in coal sales which Solidarity was collecting. At the Vistula Coal Company which was established in March 1993, wages were the lowest. In 1993, the board did not honor provisions on wage indexation, justifying this by the large arrears of the Vistula Coal Company SA.

Arkadiusz Niedziela, Solidarity deputy chairman at the Czeczott mine, said: "It did not add up. We know what the value of the sold coal was (the mine produced 16,000 metric tons a day). So, we began to make inquiries through our people belonging to middle management about what was happening to the money.

In Solidarity's opinion, an audit administered by the chairman of the company was held in order to remove the people undesirable to the company. The statement which was drawn up after the audit lacked some of the documents showing the responsibility of the management for the decisions which it tried to pin on the dismissed employees (contrary to earlier promises, Mr. Chowaniec did not proceed to familiarize Solidarity Chairman Stanislaw Mandyk with the statement). The case was referred to the prosecutor's office which threw out the suit due to the absence of corpus delicti. Those who had been unlawfully dismissed were reinstated. At the same time, the chairman of the Vistula Coal Company SA appealed the ruling of the prosecutor. Despite three reminders to hurry, he has still not provided the court with documents outlining the duties of the sued employees.

Solidarity from Czeczott sent the material it had collected concerning irregularities in the coal trade to President Walesa.

"Computer printouts in our possession (we have just a fraction of them) suggest that the company sold coal worth Z156 billion in this manner (using AR [expansion not identified] companies)."

Companies acting as intermediaries between suppliers and customers signed long-term contracts with mines setting payment due dates at six to seven months after the delivery of coal (usually this term does not exceed 30-45 days). Companies received funds from consumers a few days, or a dozen or so days later and placed them in accounts drawing high rates of interest. In this manner mines, as if reluctantly, extended interest-free credit going into billions to customers. The Commercial Company—Coal Association Ltd. alone through which the mine delivered coal worth Z22.840 billion in May and June owed the NSK [expansion not identified] Z46.5 billion in October of the same year.

Solidarity is in possession of a dozen or so such printouts. Trade unionists say that this is just a drop in the bucket. They noted the uncommonly great volume of sales at the end of June 1983 [as published], right before coal prices were raised. It was impossible to fill orders worth Z15 billion within one day. Besides, the orders were filled at later dates, to which the dates of the issuance of consignment notes testify. However, the price for such coal was that from before the raise....

The companies also make money by switching the qualitative indicators of coal. A delivery reaches the customer and, once tested there again, turns out to be better by as much as a few grades. Differences which reach Z200,000 per metric ton are pocketed by the middleman company. To this day, not a single employee of concerns has cared to compare quality indicated in invoices drawn up by mines with the customer invoices. This is not hard to do because the numbers of cars are marked. However, this is not being done.

The Silence of the Chairman

In March 1994, the NSZZ Solidarity strike committee at the Rybnik Coal Company asked the board of the

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company (in writing) the following questions: How many metric tons of coal per month and of what quality were sold between October 1993 and February 1994? What are the arrears in payments for coal sold by the Coal Sales Bureau of the Rybnik Coal Company SA during this period of time? The strike committee also asked that computer printouts of dishonest debtors be provided(including the number of metric tons of coal sold to them, the amount to be paid, and the deadline for payment). Upon consulting a lawyer, Deputy Chairman Roman Major responded: "The board is under no obligation to provide information concerning the above questions."

It is known from unofficial sources that there are 312 companies on the list of debtors of the Rybnik Coal Company, including foreign companies, German and Czech. Why do the people who are employed by the companies and are responsible for coal sales sign contracts which are unfavorable for the concerns? A statement by a supply department employee with a company buying coal from the Rybnik Coal Company, who wished to remain anonymous, explains this: "Employees of concerns get a 3-percent commission on all such transactions with companies. They take a bribe to make sure that the contract does not ensure payment to the concern for the coal shipped. The boss (usually the vice president of the concern) rules and doles out the cuts."

Who Is Behind This?

"If a prosecutor or a policeman investigates a case and suddenly learns that a close relative of his superior is the owner of one of the dissolved companies he is reluctant to investigate. He does not even have to be blackmailed." This is what Solidarity trade unionists say but they do not want to elaborate. However, they have approached the general prosecutor seeking to have the coal affair case removed from the jurisdiction of the Katowice prosecutor's office (although they consider the office to be one of the best in Poland)....

The trade unionists consider the case of Judge Andrzej P. from Jaworzno and the murder of the director of the Staszic mine to be the broken links in the chain of the affair. Andrzej P., the former chairman of the Regional Court in Jaworzno, was released in October 1994 on bail (Z100 million) and into the custody of Ireneusz Sekula, GUC [Main Customs Office] chairman, and Henryk Wnuk, the former first secretary of the [Polish United Workers' Party] Voivodship Committee and the Katowice governor until 1990. Andrzej P. is accused of paid favoritism, giving bribes in kind, and complicity in the misappropriation of assets worth Z7 billion from three mines. Despite seven statements of protest from the Regional Prosecutor's Office in Bytom, the Katowice Voivodship Prosecutor's Office, which did not even have the case file decided to release Andrzej P. from prison in Bytom.

At the time, Ewa Zajaczkowska, the spokesperson of the Voivodship Prosecutor's Office, explained: "It is just that the prosecutor did not have all the files." Three other suspects in this case were released from prison upon the payment of Z25 million by each one of them....

Wladyslaw Czekaj, chief of the Regional Prosecutor's Office in Bytom, said: "The release of Andrzej P. will hamper our subsequent proceedings very much, all the more so because the case is tangled and many individuals are involved in it. Those who gave their guarantees for the judge made appropriate statements to the press. Henryk Wnuk agreed to issue a guarantee solely at the request of the mother of the accused with whom he used to work as the mayor of Sosnowiec and the governor of Katowice. The mother of the accused was the chairperson of Wnuk's election committee in 1989. They say that he did not even know Andrzej P. Ireneusz Sekula explained himself in a similar manner."

Ireneusz Sekula said: "As it is, he was a judge, and I could not conceive of the image of a person holding such a position being escorted around in handcuffs."

Meanwhile, Andrzej P. failed to report on a summons from the Regional Prosecutor's Office in Bytom. On that day, he ended up in the intensive care ward of the Mine Hospital in Zgierz. He was released one day later. Currently he is at a psychiatric hospital.

A Nonchalant Murderer

Miroslaw Major, the director of the Staszic mine which belongs to the Katowice Holding Company, was shot dead in his office in July 1994. The perpetrator of the murder, whose first and last names are known to the police, still has not been apprehended.

Subinspector Ryszard Mastalerz, the commandant of voivodship police in Katowice, explained: "We arrived a couple of minutes too late to catch him redhanded." Witnesses say that the police came two hours late. Before the perpetrator of the murder disappeared he had managed to say goodbye to his wife. Interpol was not informed about a search for him until two weeks later. Was the murderer, Zdzislaw Manecki, doing contract work? Why did the police act so sluggishly? Was the murder of the director supposed to be a warning to others? In the 1980's, Miroslaw Major was superintendent at the Staszic mine. In the opinion of miners from Staszic, this position No. 3 in terms of prestige required a firm grounding in the party structures. The employees remember Major as a sharp-witted and resourceful person who introduced innovations at the mine. He was Staszic director for five years. His murderer, Zbigniew Manecki, a former functionary of the Security Service Department IV (surveillance of the Catholic Church), had been a businessman for a few years. He engaged in commerce in the compound of the mine. Manecki leased from the mine a number of food service establishments which consisted of the Silesian Inn, a bowling alley, and a massage parlor. He also owned a bureau de change. At one point, Manecki had fired on a person from a compressed-gas weapon at a local restaurant, and yet he

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got a firearm permit from the Voivodship Police Command in Katowice. He belonged to the shooting section of a sports club whose members are mostly former Security Service functionaries. The assumed motive for the murder—the revocation of a lease by the mine due to payment arrears (Z200 million) appears to be at the very least farfetched.

The Law Is Working, the Minister Is Commenting

The case of the coal affair is being handled by the prosecutor's offices in Katowice, Wroclaw, Leszno, and Bytom. The trade unionists, however, are surprised that Minister of Industry and Commerce Marek Pol has not yet taken an official position on the issue. In my conversation with the minister, I heard the following:

"If I were to talk about the coal company affair I would have to talk about a few dozen or a few hundred different cases. They are being handled by the prosecutor's offices, the NIK, and civil courts. All of this is a result of mistakes made with regard to this economic sector. The cancellation of subsidies without preparation resulted in the size of the deficit not being essential for individual mines. In view of this, they began to challenge one another as to who can sell coal to the middlemen at a lower price. If money is being sought to pay wages merchandise will be sold to anyone who is ready to pay. In 1991, 1992, and 1993, tremendous fortunes were made on coal. It was purchased at below the cost of production. Coal virtually cannot be bought this way anymore, nor is it possible to exploit transactions for strange machinations. The potential threat of crime or embezzlement in mining is on the wane. This is not to say that abuse cannot happen in mining, but then it can happen anywhere. If there are such abuses then there is nothing left to do but to report one's suspicions to the NIK as did the president upon receiving a message from the trade unions. Obvious evidence should be referred to the prosecutor's office because this is the institution that prosecutes crimes. All of those who are trying to make dishonest money on coal will most likely end up behind bars. However, I am cautious not to accuse anyone before his guilt is proven. This is why bringing out information that company chairmen commit embezzlement before it is proven flies in the face of not only the law but also civility. It will not suffice to shout 'catch the thief' if a potentially easy opening exists for committing abuse."

The minister had no time to make a more extensive statement. He was in a hurry to attend the St. Barbara's Day festival of miners.

(Note by Agnieszka Rybak:) The statement by Minister Pol has not been authorized.

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Russian Report Cited on 'Nuclear Program'

AU1204075395 Vienna DER STANDARD in German 7 Apr 95 p 3

[Article by Alan George: "Romania Had Advanced Nuclear Program"]

[FBIS Translated Text] Bucharest/Moscow/London—The assertion made by the former Romanian dictator Nicolae Ceausescu in the 1980's that his country was developing an atom bomb has been confirmed by a new report by the Russian Foreign Intelligence Service (RFIS). The report claims that the Romanian nuclear program was started in 1985 and that "secret experiments regarding the chemical production of weapons-grade plutonium and of small quantities of enriched uranium" were carried out in the following seven years.

The report states that the United States unknowingly played a key role in this project. The research reactor in Potesti was supplied by the California-based company General Atomics in the 1970's. In 1987, the United States provided a total of 38.7 kg of enriched uranium as fuel for the reactor. This reflects the policy of the West during this period, aimed at encouraging Ceausescu to pursue a course that was independent of the Soviet Union.

Romania also continued its nuclear policy after Ceausescu's execution in 1989, in spite of the fact that it agreed to place all its nuclear facilities under the control of the Vienna-based International Atomic Energy Agency (IAEA). The Russian report notes that "470 grams of plutonium were discovered in a secret laboratory of the nuclear energy institute in Piset" in April/May 1992 within the framework of a UN inspection.

Warning by the IAEA

The IAEA warned "Bucharest that it must completely end its military nuclear program without delay." Romania was asked to dismantle all facilities linked with military nuclear research and to install IAEA control instruments at the nuclear energy institute and at a nuclear power plant in Cernovoda. Romania promised to comply with these requests and was declared "clean" by IAEA Director General Hans Blix in April 1994.

Ceausescu did not only want atom bombs, but also carriers. The Russian report points out that plutonium was to be used in warheads for medium-range Scud missiles, which were to be either produced in the country (in cooperation with a German company and Egypt) or to be procured from North Korea or China.

In 1992, Bucharest implemented a law regarding the control of the import and export of chemical and biological material. Now the authors of the Russian study seem to be convinced that Romania has abandoned nuclear weapons and the pertaining missile systems.

Iliescu on Domestic Issues, NATO, Basic Treaty

AU1104164895

[FBIS Editorial Report] Bucharest Radio Romania Network in Romanian at 0810 GMT on 11 April carries a one hour and 50 minute live relay of a news conference held by Romanian President Ion Iliescu at the Cotroceni Palace in Bucharest.

Presidential Spokesman Traian Chebeleu opens the news conference and invites Iliescu to take the floor. Iliescu begins by saying that he wished "to hold this meeting with the directors and chief editors of various press institutions and of central and local publications and with other journalists accredited to the Presidency, now, when the consolidation of certain successes has already been achieved and the durable process of definite and consistent economic revival, so much awaited by citizens, has begun." Iliescu discusses the "constructive attitude of all political forces in Romania that participate in the country's development strategy," in spite of the fact that "we face a difficult period." He says that Romania has become an "oasis of stability" in Europe and that is how it is perceived abroad.

Iliescu mentions that, although there is more than one and a half years to go before the next elections, for some reason "a premature electoral campaign has been launched." He expresses bewilderment with such actions and says that there are "much more serious things to do" at present than "to embark on a lengthy electoral campaign." He accuses some parties of wishing to "gain electoral capital."

Iliescu also mentions, in general terms, the recent trade union strikes, calling them "the spring trade union offensive" and saying that although he understands people's desire to have higher salaries, some of these actions "have no economic grounds." He condemns the attitude of some companies that spend most of their funds on salaries and leave nothing for repair work and the expansion of the company, an act that he considers erroneous. He give an example of positive practices that he encountered during his recent visit to Italy, where people "sacrificed their salaries" in order "to save their jobs."

Iliescu condemns the exaggerated "increase of prices" for several consumer goods and services that are practiced by various companies, however, he defends the recent rise in price of oil, which in Romania, reached "about 30 cents per liter," while "in case of our Hungarian neighbors, it is 75-80 cents per liter." After calling on workers not to disrupt the country's economic flow through protest actions, Iliescu begins discussing foreign policy issues.

Iliescu mentions that he wishes to discuss two foreign policy issues, namely "the issue connected with NATO expansion and the signing of the basic treaty with Hungary." He says that "the problem of admittance of new statts to NATO has entered a decisive phase. In assessing the contribution that each of the candidate countries can make to the establishment of the new security system in Europe, the coherent internal political actions and stability represent criteria that are as important, if not even more important, than the actual military

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capacity. Romania, according to its fundamental principles, excludes the use of force and the threat of force from the legitimate means of achieving international political objectives, with the exception of exercising the fundamental right to individual and collective self-defense. Moreover, this principle is the basis of our relations with neighboring countries, with which we are in a process of establishing the legal bilateral framework, that is, basic treaties, capable of promoting stability in the area, of eliminating all suspicions regarding the decision of the sides to mutually respect territorial integrity and sovereignty. Romania's option for joining NATO is determined exclusively by defensive reasoning and represents a contribution to the achievement of national security and, at the same time, to strengthening security in Europe and, on a broader plane, in the Euro-Atlantic space. This does not damage the security interests of any other country. In this respect, we are thinking of the fact that the process of accepting new members into NATO means strengthening an important security institution that is open to cooperation with regional or global bodies, such as the OSCE [Organization for Security and Cooperation in Europe] and the United Nations, aimed at preserving peace and stability on the continent. This can be achieved if the security interests of all European countries, including that of the Russian Federation, are observed. We are aware of the fact that participation in NATO represents an objective of major security for all states in Central Europe, but its achievement should not lead to competition among them and implicitly create new tension in the area.

"We also pay special attention to concluding the basic treaty with Hungary, not because relations with Hungary are facing an impasse or difficult times. From an economic viewpoint, as well as considering the political, military, and human relations angle, our bilateral relations can be considered normal. I have said repeatedly that, of all our neighbors, our major economic partner today is Hungary. What the bilateral treaty must add is the political will at the highest level and the engagement of the sides to base their relations today and in the future, on the European norms and the European spirit, as they have been defined by the most comprehensive institutions such as the Council of Europe and the OSCE. In this spirit, the treaty is virtually finalized, except for the article regarding minorities. The demand of the Hungarian side that the treaty should include a reference to Recommendation 1201 of the Parliamentary Assembly of the Council of Europe is basically the only obstacle. It can be easily overcome if Hungary wishes to base its relations on valid and accepted norms, ultimately on the frame-convention regarding minorities and not on Recommendation 1201." With this, Iliescu concludes his 30 minute introductory statement, and a one hour and 20 minute question-and-answer session follows.

Correspondents' questions refer mainly to the early electoral campaign, the price increases, Iliescu's views on recent strikes, and other domestic issues. Asked by an ITAR-TASS reporter whether he is going to Moscow next month, Iliescu mentions that he has been invited to three cities where the end of World War II will be celebrated, namely London, Berlin, and Moscow, and that he accepted all three invitations. In conclusion, Iliescu, answering a question regarding Recommendation 1201 of the Council of Europe, mentions that "the issue is misinterpreted" because recommendations "become compulsory only when accepted by states" but recommendation 1201 was not accepted, and only the frame-convention "has become a legal document" for Romania "because we have signed it."

Iliescu Views Relations With Russia, NATO

AU1204080795 Bucharest DIMINEATA (supplement) in Romanian 4 Apr 95 pp 2-3

["Interview" with President Ion Iliescu by an unidentified reporter of the Russian OSTANKINO television company in Bucharest on 20 March 1995]

[FBIS Translated Text] [Reporter] Mr. President, our first meeting and the first interview you granted to OSTANKINO television was immediately following the revolution, during the days of the revolution, when shots were still being fired in the streets of Bucharest. Would you say the same things again that you said then about Romania's new road, or have your views changed in the meantime?

[Iliescu] I can assert without any doubt that the things that have happened over the past five years have confirmed the things we talked about. Like the other countries in this region, like the former Soviet Union and the new countries that emerged from it, as well as all the Central European countries, Romania is going through a process in which society is being changed. I could go even farther: What we are all witnessing is a historic process of change in mankind. The things that happened in our region, in this geographic part of Europe, has not only changed Europe's image but also that of the entire world. The Cold War era, that of the confrontation between the states of the two blocks and between the two ideologies, has ended; all that belongs to the past now.

Currently we are working to erect a new type of international relations on our continent, and not only there. I believe that our countries are already embarked upon a course of transition, with all the changes it implies in economic, social, and political life. However, at the same time, the rich European countries, as well as the United States of America, are also undergoing a similar process of profound change, as they are facing important alterations caused by technological and scientific advance, a process of progress that is bringing about profound changes in the social life of every country. At the same time an integration process is also taking place at the level of our entire planet, involving each country and economy. This is why all political relations among the

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countries, as well as relations among the various economies, are going through a profound process of alteration. This is why I said that we are witnessing a historic process of change.

Centralized governing has become the greatest obstacle in the way of technological and economic progress. I could even say that while other countries, such as Czechoslovakia, Hungary, or Poland, have gone through this entire transformation process under more or less peaceful circumstances, as their transformation was the result of various internal processes, in Romania the political regime was considerably harsher, and therefore one could not even speak of the need to change things. While in the former Soviet Union they were talking about perestroyka and glasnost, and the people felt that something ought to be changed in order to give way to those social transformations, in Romania no such thing was possible. Internal pressure accumulated.

The only way out was the social explosion that was the main feature of the Romanian revolution. You saw with your own eyes what happened in those December days in Bucharest, when many people lost their lives and the entire process became explosive. Nevertheless, as I already said, all this is part of a joint alteration process that was necessary for us and for society, to renew society. Both social and political processes are involved in this, as well as the democratic transformation of the entire country, of the country's entire life.

I believe that over the past years many such profound processes have been under way, and, at the same time, the transformation of our entire economic system—which is a much more complex process, because the inertia of the economic systems is greater and therefore they are less yielding to alteration—has also been achieved. All mechanisms, the entire legislation, ought to be renewed. We, all the countries in this part of Europe, are going through this very complex economic transformation process, which is much more difficult than the one on the political plane.

[Reporter] If you were to look back on these years, would you say that Romania could have obtained the same results within a shorter time or suffering less damage?

[Iliescu] First, it is quite difficult to adjudicate history. History is something one builds. There are always objective factors that generally determine the entire process. There are also subjective factors, of course. But it is difficult to judge things that already belong to the past. I do not believe that our situation could have offered us the possibility to traverse this entire process within a shorter time. It all happened all of a sudden. In the beginning the process was even of a chaotic nature. There were no organized political or social forces able to plan anything. Everything had to be done on a day-by-day basis. Even today we do not have a very clear perspective of our future. Currently we are making efforts to set up a powerful team of specialists, experts in various domains, who could elaborate our national development strategy over the next 25 years, because irrespective of the various political inclinations, we have to find the fundamental objective factors that are to determine the development of our society in the existing international circumstances. Such factors are very important to us, as they can act as guidelines showing us how to erect the entire development project of our economy, above all, and that of our entire society.

[Reporter] Mr. President, currently the impression exists that a kind of imbalance, in favor of the West, has occurred in Romania's foreign policy. In your opinion, how should Russian-Romanian relations, in every domain, continue to develop, and what are its prospects?

[Iliescu] In order to be able to talk of balances or imbalances, one has to view the relations and problems between two countries in the old way, when there used to be two confronting parties. I, however, believe that currently everyone is preoccupied with the creation of a new setting for the furthering of ties among the European countries. Even regarding Russia, one could say that it is more inclined toward the West than toward Romania or other neighboring countries. But such issues must not be viewed from this angle. Every one of us is trying to further the relations he can, that are able to act as a foundation for development and as a basis to make our national development efforts be fruitful.

You are right. We have to take everyone into consideration, not merely Romania or Russia, but rather all countries. And not just from a single point of view. I believe that currently we have to make efforts to further multilateral ties not only with the ones from which barriers divided us. As far as the latter are concerned, one can say that there is such a direction in Russia's, as well as other countries' political activities intended to better relations with the Western countries, with the European ones, the United States, and so on. However, we also have to look around in our close vicinity, to advance and improve the relations among us, because that is profitable for us all. We are all traversing the same kind of complex processes. We are all encountering the same kind of difficulty while trying to transform society. Exchanges of experience can also be helpful, and, besides, I also believe that traditional relations and rapprochement also serve the interests of normalization and the development of ties.

[Reporter] Especially those in the field of traditional economic relations.

[Iliescu] Precisely. This is why we are working on this project regarding the economic development of the Black Sea region. Three years ago the leaders of 11 states met to examine this issue. This year we proposed that a similar conference of the 11 states should be organized in Romania to jointly analyze the road we left behind over the past three years, as well as the existing possibilities to further relations among us, considering our geographic vicinity, as well as our joint interests.

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[Reporter] In connection with this I would like to tell you that in Russia many people are concerned, perhaps rather puzzled about the fact that currently certain East European countries, Romania among them, are trying to join NATO as soon as possible. Is that currently really necessary for your country?

[Iliescu] One should look at developments from a new perspective. After the dismantlement of the Warsaw Treaty, there are no longer two military blocs confronting each other. Therefore, NATO should no longer be seen today as a bloc in confrontation with another bloc. Even its contents should be changed. NATO should no longer be viewed as a military pact or military bloc, but rather as a political organization, which can create better conditions for overall security on the continent. We maintained that from the start. We even told the NATO leadership that our relations with NATO do not run counter to our relations with other countries, particularly with our former allies and with our neighbors. Yesterday, the EU foreign ministers spoke out for new relations and links between the Western countries and Russia. In this respect, we also consider the Partnership for Peace [PFP] scheme as a new framework for our political links, designed to ensure security in Europe and our region, avoid relations of confrontation with our neighbors, and promote cooperation.

[Reporter] I have often thought of our first meeting. Did you know what kind of burden you were assuming at the time, or did everything appear much more simple?

[Iliescu] No, I did not think it was going to be easy. Even then I realized that we were entering a complex historical period of transformation in the country. Maybe none or us was aware of the entire complexity of this process and of what was going to happen in actual fact. It seems that the process is much more complicated than we thought. We realized that the road was going to be pretty rough. But I believe that all history is like that and we, the politicians, must understand and proceed from reality as it is and must do everything possible to find answers to these new problems.

In this respect, we follow all the processes taking place in Russia. We also believe that this is the basic problem: How will Russia develop and how will this process be stabilized? From a political viewpoint, it is a very complex process taking place in such a vast territory. We know from our own experience how complicated it is to solve all these problems both in the human sphere as well as the social, economic, and political ones. I can easily imagine that all these processes are becoming even more complicated in such a vast system as the one in Russia. We are following with great interest the way in which Russia solves all these social, economic, and political problems, which are so important not only for Russia's stability, but also for the stability of the entire area. After all, Russia's stability and development are to the benefit of our entire region, of all Europe, and the whole world.

I would like to convey to all our neighbors, our close neighbors, and all the Russian people wishes for success in these efforts. I follow all these efforts with a feeling of great friendship, because I know how much the Russian people have suffered in their past and more recent history. I would like to convey to them my best wishes.

[Reporter] Thank you. We have named our program devoted to your country "Romania on the Threshold of Rebirth." Do you agree with this title? Do you consider that your country is currently on the threshold of rebirth?

[Iliescu] I consider the title as most appropriate. I feel that we are on that threshold, although many people, actually the majority of the population, find life still pretty hard. Despite all that, I believe that there are possibilities and prospects for utilizing the creative initiative and capability of all the people. This is the main thing on the eve of the new century.

[Reporter] I would like to ask you a somewhat more delicate question. What our your personal relations with Russia's leaders of today?

[Iliescu] I follow the entire process with great attention and I wish I had closer relations with all of Russia's leaders. I am aware of the difficulties they are facing and the complicated nature of the political relations between people at the higher levels in Russia. We are striving to have open relations, but we believe that they could be even better.

[Reporter] Thank you. Thank you for the interview. Thank you very much and allow me to extend to you—from the OSTANKINO Television, which is also undergoing a difficult period—greetings and wishes for ever greater success.

Government, Union Leaders Sign Protocol

AU1204064795 Bucharest Radio Romania Network in Romanian 1700 GMT 11 Apr 94

[FBIS Translated Text] After two days of discussions between representatives of the government and the National Council of Free Trade Unions of Romania [CNSRL]-Fratia, a protocol was signed at Victoria Palace today. The protocol was signed by Victor Hrebenciuc, general secretary of the government; Octavian Partenie, head of the Department for Relations With the Trade Unions and Employers; and Adrian Neacsu, secretary of state at the Ministry of Labor and Social Protection, for the government, and by CNSRL-Fratia President Pavel Todoran and Liviu Luca, Mihai Siretean, Sorin (Stai), Gheorghe Mares, and Ion Dascalu, CNSRL-Fratia vice presidents.

Referring to the proposal to take steps to achieve an average purchasing power index of 65 percent for the current year, compared to 1990, the protocol points out, among other things, that the government believes that there are favorable conditions for achieving an approximately 10-percent increase in the real incomes of the employees in 1995, compared to the end of 1994, so that

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the average purchasing power index for 1995 should be 65 percent compared to October 1990.

The protocol stipulates a number of solutions to the proposal on setting up a ministry of privatization and incorporating the State Property Fund [FPS] in that ministry until the end of the year. The protocol also contains certain clarifications regarding the draft bill on organizing the Economic and Social Council, the draft bill on pensions and social insurance, and the draft bill on organizing the National Agency for the Reconversion of Manpower. The protocol provides further clarifications on other proposals that were discussed by the representatives of the government and CNSRL-Fratia.

After the protocol was signed, the CNSRL-Fratia delegation, led by Mr. Pavel Todoran, left the government headquarters for Victoria Square to read the document to the protesters rallied there. Demonstrators expressed their dissatisfaction with the contents of the document and continued to block the Victoria Square-Aviators Square area. The CNSRL-Fratia president at 1830 addressed himself once more to the Victoria Square protesters and told them that the TU leadership will meet next week to decide on the date of the general strike if the protocol provisions are not implemented.

On being told that the rally is over, the protesters expressed their displeasure with that step. Our correspondent informs us that no protesters were present in the square at 1900.

SPP Director Views Duties, Structure

AU1204073895 Bucharest EVENIMENTUL ZILEI in Romanian Apr 5 p 16

[Article by Doru Dragomir: "225 SPP Soldiers Are Guarding President Ion Iliescu"]

[FBIS Translated Text]

The Activity of the Guard and Protection Service [SPP] Is Coordinated by the Country's Supreme Defense Council

Yesterday, 4 April, the news conference of the Guard and Protection Service was attended by Major General Dumitru Iliescu, the director of the institution, Lieutenant General Gheorghe Aradavoaicei, first deputy of the director and head of the General Staff, and Colonel Ioan Mija, the SPP spokesman.

The SPP director made a presentation of the institution that he is heading. "In accordance with Romania's national security law, the SPP is the state body specialized in ensuring the protection of Romanian dignitaries, and of foreign dignitaries during their stay in Romania, as well as ensuring the guarding of their working quarters and their residencies. The SPP activity is coordinated and controlled by the country's Supreme Defense Council. The Guard and Protocol Special Unit, which is under the jurisdiction of the minister of national defense, was set up on the basis of Decree 204 of the CPUN [Provisional National Unity Council] issued on 7 May 1990. The SPP did not take over the personnel and the material base of the DSS [State Security Department] Fifth Directorate. In November, 1991, the country's Supreme Defense Council approved the Regulation for the SPP's Enactment and Functioning. This institution cooperates with the other structures in charge of ensuring the observance of the national security law."

The personal guard of dignitaries represents merely 10 percent of the SPP's duties. Apart from physical protection, the SPP also carries out antiterrorist, sanitary, toxicology, chemical, irradiation, and medical protection.

SPP Has a Department of Operative Information

The SPP comprises three subsystems, namely the leadership, execution, and logistical subsystems. The leadership subsystem includes: the director with the rank of state secretary, first deputy and head of the General Staff, deputy in charge of guard and protection, and the deputy in charge of logistics. The execution subsystem includes: the structure in charge of guarding and protecting the presidential institution, a structure in charge of guarding and protecting government members and of guarding the quarters where government members carry out their activity, a structure in charge of guarding Romania's Parliament, an antiterrorist intervention structure, a motorcade escort structure, a professional training structure, independent structures, and an operative information department. The SPP does not carry out investigations. The logistics subsystem includes the following departments: medical, transportation, preventive medicine, weapons, and ammunition.

Forty-Four Percent of SPP Personnel Come From Civilian Institutions

The personnel of this institution includes permanent military cadres and civilian employees who come from the Ministry of National Defense (32 percent); Interior Ministry (20 percent); Romanian Intelligence Service (4 percent); and civilian institutions (44 percent). The average age of SPP members is 34. They complete training in mountaineering, skiing, diving, and parachuting.

In its 5 years of activity, the SPP has carried out 1,535 missions, of which 1,028 were at home and 316 abroad and 191 involved foreign dignitaries.

The SPP has an efficient cooperation with other state institutions such as the MApN [Ministry of National Defense], MI [Ministry of the Interior], SRI [Romanian Intelligence Service], SIE [Foreign Intelligence Service], and STS [expansion unknown]. The SPP cooperates with similar bodies in other countries, among them with the famous Secret Services of the United States. For the training of the SPP personnel, we have an average of

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800-1,600 bullets per person per year available, compared to similar services in Germany, where 14,000 bullets are available for each person's training.

Two Hundred and Twenty-Five Persons Are Guarding Romania's President

In the 5 years of its activity, the SPP has been confronted with a number of threats directed against dignitaries. The personal weapons of the SPP employees are 100-percent assured. However, there is a 50 percent shortage of automatic weapons, grenade launchers, and mortars. The funds made available for the SPP represent 37 percent of the necessary amount. About 500 SPP employees have no dwellings. Of the total number of 1,500 SPP employees, 15 percent are in charge of ensuring President Ion Iliescu's protection.

The SPP has discovered actions directed against various dignitaries and attempts to infiltrate certain buildings carried out by people who had ammunition, weapons, and side arms on them. Such an action was also uncovered at Cotroceni Palace.

Airport Service Company Criticized

95P20705A Bucharest ADEVARUL in Romanian 20 Mar 95 pp I, 8

[Article by Mona Scarisoreanu and Adrian Cercelescu: "LUTAS Ltd—A 'Bomb' Under the Wing of TAROM"]

[FBIS Translated Text] Passengers landing at Otopeni Airport are looking for a sense of security. An army of Guard and Protection Service personnel examines you up to the whites of your eyes. The big fuss begins when your baggage is put on the conveyer belt where the LUTAS [Lufthansa TAROM Airport Services] company's activity begins. A lot of money is paid for this firm's deplorable services.

Some of the sectors that used to provide income for TAROM [Romanian Air Transport] have been taken away from this company. One of these is the passenger-handling service, Specifically, passengers, flight personnel and baggage are now brought to and from the airport by the Lufthansa TAROM Airport Services—LUTAS SRL [Ltd]. The joint company was established in 1992. The road to Otopeni was paved with statements that were fashionable at that time such as: "The sector is unprofitable." The TAROM management was in favor of it and LUTAS was installed. Lufthansa, Balaclava B.V. (a Dutch firm), Otopeni Airport, and TAROM helped the company establish itself. Each partner's share of participation in the registered capital is 25 percent, 25 percent, 13 percent and 37 percent, respectively. The contract states that "all partners can participate in the registered capital with the assets in kind listed in Attachment A, in the amount of 2,400,000 deutsche marks."

The Sector 3 court declared this statement to be ambiguous and illegal. One month after the company was established, the four partners extended their export-import operations, claiming that there was a need to carry out direct imports for LUTAS's needs (supplies of materials, specific equipment, etc.) The indispensable items were in the form of equipment from the Munich airport that was no longer in use.

During this time, TAROM suffered losses and a bombardment of complaints from dissatisfied customers. The sector that was initially declared to be unprofitable for our company was transformed, after associating with these prestigious firms, into a millstone tied to the wings of TAROM. Thus, there has been no improvement in the quality of services provided. On the contrary, passengers' baggage is lighter upon arrival than upon departure. People are stealing baggage items shamelessly! For the services provided by LUTAS, travellers pay two or three times more than they did before this firm was established. For unexplained reasons, TAROM pays the damages for baggage items lost by LUTAS. The compensation is paid by the kilogram.

If someone ransacks your belongings, you must register your complaints at the Border Guard area of the airport. This is because the LUTAS complaints office is behind the Border Guards' cordons. According to the Warsaw Convention, passengers have three days to report losses. However, one hour is more like it—if you want to find anything that has been lost. It is recommended that the first thing you do before you greet your relatives and friends is to exainine your baggage. Pilfering from baggage is not the only crime committed by LUTAS employees. Passengers are landing without passports and visas, and TAROM has had to pay fines of $2-3,000 for each passenger. Although it is the majority stockholder, TAROM does not have much of a say on the board of directors of LUTAS. The fact that LUTAS purchased a DCS [Document Control System] from Swissair, a competitor of TAROM, is proof of this. The DCS is very expensive and, in addition, it is not compatible with the reservations system used in our country. Initially, LUTAS refused to take over from TAROM the SITA [International Society of Aeronautical Telecommunications]-DCS system for which TAROM has paid $700,000 so far.

All these irregularities were reported by the TAROM trade unions. However, at Otopeni Airport, a dense fog continues to cover the suspicious LUTAS affair. Unfortunately, we were not able to learn the opinions of the persons accused by the trade unions. The management was always gone, to mysterious places, while the secretaries were nestled somewhere in the hangars of the airport.

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Contact Group Experts Cancel Sarajevo Visit

AU1204112795 Paris AFP in English 1114 GMT 12 Apr 95

[FBIS Transcribed Text] Sarajevo, April 12 (AFP)—Experts from the five-nation "Contact Group" on the former Yugoslavia cancelled a planned trip to the Bosnian capital Wednesday where they had been scheduled to meet with Bosnian leaders, the UN Protection Force announced.

Bosnian Serbs besieging Sarajevo said earlier that they could not guarantee the safety of the experts from Britain, France, Germany, Russia and the United States, who are seeking an extension of a four-month Bosnia cease-fire which runs out at the end of this month.

Izetbegovic Warns Serbs About Sarajevo Shelling

AU1104193295 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 11 Apr 95

[FBIS Translated Text] Prior to the announced arrival of the Contact Group members to Sarajevo, the Presidency of the Republic of Bosnia-Herzegovina held a session today. After the session, Presidency President Alija Izetbegovic made the following statement for the state media, Bosnia-Herzegovina Radio and Television, and B-H PRESS:

[Begin recording] We expect the Contact Group to arrive tomorrow, and we will, of course, receive them and listen to what they have to say. We will use the occasion to confirm that we still adhere to the Contact Group's plan. We also stress that there will be no new negotiations with Karadzic, not even indirectly. I am saying this in connection with a possible [changes thought] with the offer of President Carter to come here again to mediate in the talks. The reasons are that we think this would break the diplomatic blockade of Karadzic on the one hand. On the other hand, we can say that we welcome every (?mediation) in peace, but that we think that this kind of mediation, such as this of President Carter, would not contribute to peace, as this would most probably prolong a solution.

Besides, if President Carter is coming to offer something that is identical to the Contact Group's offer, then, at least as our side is concerned, this is superfluous. This visit is superfluous. If, on the other hand, he is offering something else, then we think that such a visit could even be damaging.

Moreover, if Karadzic were to accept the Contact Group's plan. then this would open a path to direct negotiations, where certain modifications to the plan could be possible, as well as minor modifications to the map itself. If the negotiations were to take place, we will insist that the negotiations include the representatives of the SGV [Serbian Civic Council], in accordance with the latest conclusion of the assembly of the citizens of Serbian nationality of Bosnia-Herzegovina, .

Of course, since I have already mentioned possible modifications, I would like to stress that these would be possible to the extent that the 51:49 ratio is preserved, and, of course, subject to mutual agreement.

In connection with the frequent demands for the extension of the cease-fire, we would like to say the following: We cannot accept the formal extension of the cease-fire, as this carries within itself the danger of the gradual legalization of the status quo, which is absolutely to our detriment and which is extremely damaging for us, as Karadzic's Serbs are holding two-thirds of the territory.

I would like to stress that this does not at all mean that we intend to launch any offensives. However, in connection with the cease-fire, I would like to say two more things. If Milosevic were to recognize Bosnia-Herzegovina, we would then be prepared—if he did this before 30 April—to extend the cease-fire for two to three months to see whether this recognition opens up any possibilities for a political settlement in Bosnia-Herzegovina. Equally, if Karadzic were to accept the Contact Group's plan after 30 April and made an explicit statement in this respect, in our view, the cease-fire could take effect on the same day.

Regarding the sanctions on Serbia, what I am saying are the views of the Presidency, the views expressed today. We think that only the suspension of sanctions can be accepted, provided that Milosevic—that is, Serbia—recognizes Bosnia-Herzegovina. Of course, this implies the recognition of the territorial integrity of Bosnia-Herzegovina as a state within the internationally recognized borders.

In this context of suspending the sanctions, we will demand the deployment of UN troops on the Serbian-Montenegrin border, a sufficient number of troops that can guarantee the closure [zatvaranje]—that is, the control [kontrola]—of the border.

Regarding the sanctions, I have already said that only their suspension can be considered. The lifting of the sanctions can be possible only after the implementation of the peace plan for Bosnia-Herzegovina.

The Presidency protests the renewed attacks on civilians in Sarajevo and the continuation of the strangulation of the city. It demands that the international community protect the city in accordance with the obligations that it has undertaken. We are primarily referring to the obligations undertaken by NATO with its decision of 9 February 1994.

In connection with this, I would like to stress the following: If Karadzic's Serbs continue to shell the city, as they have (?started), and if the international community does not protect the city, our army and our citizens will be asked to liberate Sarajevo, regardless of the price. We are determined not to allow Sarajevo enter a fourth winter in this condition.

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However, as a peaceful way out of this situation, we offer a 20-km demilitarized zone around the city. This implies the withdrawal of military formations by both sides and giving the city to UNPROFOR [UN Protection Force] to manage, as well as to the police that would be formed on a proportional basis. It would have a mixed structure. We are coupling this proposal with an earlier idea. We are, of course, talking about details, the idea of a two-year UN mandate over the city.

Regarding the UN mandate, as you know, we have not asked for changes in the mandate. However, we are demanding a strict implementation of the mandate, and in connection with this, as you know, Minister Hasan Muratovic has visited Akashi immediately prior to his trip to Washington. Akashi is there right now. Documents are currently being prepared and these draw attention to the main points of the deformation of this mandate. The mandate has in fact been deformed. We will show these deviations in a letter and demand that the mandate on the ground be put in line with what has been envisaged with documents and resolutions. We intend to send this letter to the UN secretary general, the foreign ministers and possibly the heads of states of the Contact Group countries, and perhaps to the cochairmen for the former Yugoslavia, Owen and Stoltenberg, we have not decided on that yet, and other relevant factors.

The Presidency is particularly dissatisfied with and protests the withdrawal of the UN forces in front of the threats by Karadzic's soldiers at the illegal checkpoint on Kasindol Street. As you know, a checkpoint had been set up there several days ago by the UN troops, but they withdrew following threats by Karadzic's Serbs. The chetniks have set up the checkpoint again. Since this checkpoint threatens the safety of people and traffic at the airport and directly threatens the airport itself, we demand that this checkpoint be removed.

These are mainly the conclusions adopted at the Presidency session today. And finally, allow me to inform that if the Contact Group arrives tomorrow, our delegation will include, in addition to myself, Zubak, Ganic, Silajdzic, Pejanovic, Komsic, Ljubijankic, Begic, and (?Sabrihatovic), as an adviser to the delegation. Thank you. [end recording]

Koljevic Sees Contact Group Plan as 'Trap'

AU1104171395 Belgrade NIN in Serbo-Croatian 7 Apr 95 pp 22-23

[Interview with Nikola Koljevic, deputy leader of the Srpska republic, by Jovan Janjic in Pale; date not given: "The Song From Mt. Vlasic"]

[FBIS Translated Text] Professor Nikola Koljevic, vice president of the Srpska republic, has taken part in all the important negotiations involving the former Bosnia-Herzegovina. When he is not at "the green table," he is "among the people" and among the troops on the front lines.

We talked in his office in Pale, a few minutes after he returned from the front.

[Janjic] Prof. Koljevic, you have just returned from Mt. Vlasic, where fierce fighting is in progress. What are your impressions?

[Koljevic] First of all, it is clear that the Muslims have violated all the points of the cessation of hostilities agreement. The Muslim side, that is the Federation, has rejected all meetings. We have information that the UN secretary general has been notified of this. The latest official statements by UN Protection Force representatives are also known. Therefore, the international community can no longer justify the violation of the cessation of hostilities agreement in terms of militant Serbian behavior.

As far as Mt. Vlasic is concerned, I would like to base my impression on two details. At a time when our defenses on Mt. Vlasic have been reestablished along the entire front, you can hear Serbian songs from five kilometers away. These people and these troops in such a situation, snowbound, plagued by frostbite, yet able to sing.... I do not think that they can be defeated. The other detail is a poster near a command post in the vicinity of Mt. Vlasic. It reads: "We are establishing our borders with blood and we shall defend them with our hearts." Therefore, I do not believe that we can be defeated either on Mt. Vlasic or Mt. Majevica.

[Janjic] There has been a rumor recently that you have been sending envoys to Milosevic....

[Koljevic] If you consider the deputies bench to be the leadership of the Srpska republic, a legitimate and democratic political body, then I must inform you that the decision has been taken by the leadership of the deputies bench in the Srpska republic assembly. Since I am not a deputy, I cannot directly participate in such decisions, but I supported it wholeheartedly because I believe that every opportunity must be taken to overcome any rift within the Serbian nation. What normal person would consider a rift to be in his people's interest? In this case, I was even more in favor since our delegation was headed by two eminent and intelligent men: Prof. Vojislav Maksimovic, head of the deputies bench, and another professor, Dr. Aleksa Buha, our foreign minister.

[Janjic] So this is the official delegation whose visit was announced in the media. Were there no secret visits...?

[Koljevic] No, there were no secret visits. Of course, there were private visits. However, we used these private visits as a chance to send our official delegation. [sentence as published]

[Janjic] After everything that has happened, is there a chance that you will sign the Contact Group plan, considering the great pressure exerted on you?

[Koljevic] I am afraid that this question is tactless and outdated. However, what can we do, primarily as the

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Contact Group has never asked for our signature? It only wanted us to "accept the maps" (that is, accept unacceptable maps), as an alleged "starting point" and "basis for negotiations." Why is this more dangerous than a signature? Well, simply because it is a skillful and perfidious diplomatic move, or should I say trap. Because, if the negotiations were to fall through—which in terms of percentages is quite probable—the so-called international community would have in its possession a signed document allowing it—by European standards completely legitimately—to impose these unacceptable maps by force. As far as the topicality of your question is concerned, the Contact Group plan is no longer topical, at least according to our latest information. It is now the turn of numerous other, different diplomatic initiatives, completely different from the attempts of the illustrious Contact Group, which in any case did not have much contact with the Serbs from the Srpska republic.

Izetbegovic Responds to Croatian Media Criticism

AU1104190995 Sarajevo OSLOBODJENJE (Bosnian) in Serbo-Croatian 31 Mar 95 p 3

[Interview with Bosnia-Herzegovina President Alija Izetbegovic by E. Habul; place and date not given: "The Mirror Is Not To Blame"]

[FBIS Translated Text] In yesterday's OSLOBODJENJE, we published some of the reactions by the Croatian media to the speech by Alija Izetbegovic, president of the Bosnia-Herzegovina [B-H] Presidency and chairman of the Party of Democratic Action [SDA]. OSLOBODJENJE asked Mr. Izetbegovic to comment on those reactions.

[Habul] Some of your statements at the recently concluded meeting of the SDA's Main Board have met with severe reactions from a majority of the Croatian media. Would you please comment on those criticisms—of course, if you are familiar with them.

[Izetbegovic] I am partly familiar with them. I have read some of those reports. They are trying to suggest to the Croatian public that I referred to the Croats in general when I spoke about the Croatian Defense Council [HVO], or rather a part of the HVO. That is not all the same to me, and it is good for the Croats that it is not all the same. I have a high opinion of the Croats, and I know about the friendly feelings among the majority of the Croatian people in Croatia, as well as in Bosnia-Herzegovina, toward the people to which I belong, and I appreciate that very much—which I cannot say about the HVO though. I would also like to remind you of my reaction when a foreign correspondent said that it was the Croats who destroyed the Old Bridge in Mostar. I literally said: "It was not done by the Croats, it was done by some people from the HVO."

[Habul] They claim that you called them fascists.

[Izetbegovic] I only stated some facts that, unfortunately, are not disputable—that is, that in the regions under HVO control, there reigns total national, religious, and political exclusiveness: Only one nation is recognized—the Croatian nation, only one religion is recognized—Catholicism, and only one political party is recognized—the Croatian Democratic Community [HDZ]. We all know how such a one-national and one-party concept is called everywhere in the world. Nevertheless, let them call that concept differently, if they must. One thing is for sure, however: That is not democracy, it is its negation. I am not speaking about this lamentable case as an enemy. I would like the situation to improve. I will be happy when I hear that Bosniaks and other nations are living freely in Stolac, Prozor, and Capljina, that the call for prayer is heard from the local mosque, and that, in addition to the HDZ, there can be heard a critical opinion of other political parties as well. As long as this is not the case, things are as they are, no matter how we call them. The mirror is not to blame because the face is ugly; my words are only a mirror.

[Habul] The Croatian press persistently alleges that you did not mention either the Croats or the Federation in the talks you held during your official visit to Germany.

[Izetbegovic] And I consistently repeat that I did, and on other occasions. This is becoming a deaf-and-dumb conversation. I do not know what they need it for. After all, B-H Presidency member Ivo Komsic was part of the delegation. On one occasion while speaking about the Federation, I said that among us there was one of the fathers of that idea, namely Komsic, who could tell some more about the difficulties with the project, as well as the efforts to overcome them. Even if I had tried to dodge that issue, I could not have because everyone we talked to and the correspondents were bringing up that inevitable question. Last month, meetings in Munich, Vienna, Washington and Bonn were held, while in Munich and Bonn some important documents were signed. Ganic was present at some of the meetings and Silajdzic took part in a few, but I was present at all of them because everything was coordinated. For instance, it cannot be that Ganic or Silajdzic support the Federation, whereas I am against it. That is nonsense. We harmonize our views and we do not act independently. We agree that the Federation is our strategic determination and that we should forward it.

[Habul] Regarding the Bonn Agreement, it is said that it dissolves the current authorities in the HVO-controlled regions, as well as the authorities in the areas controlled by the B-H Army.

[Izetbegovic] Yes, it does, but for the benefit of the Federation—that is, the joint authorities of the Bosniaks and the Croats—in the domains in which the Federation is supposed to have authority. The Republic maintains its authorizations in the fields of defense, security, foreign affairs and other important domains. Actually, all this was not determined by the Bonn Agreement but rather by the Washington Agreement and the Federation Constitution. One novelty is that in Bonn, the dissolution of the HVO authorities is stated in a more explicit

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way, and some deadlines have been specified as well. As you know, the B-H Assembly endorsed this document yesterday.

Corps Commander Assesses Military Situation

AU1204104895 Sarajevo DANI in Serbo-Croatian 1 Apr 95 pp 14-15

[Interview with General Mehmed Alagic, commander of the 7th Corps of the Army of the Republic of Bosnia-Herzegovina, by Vildana Selimbegovic; date and place not given: "Don't Insult the Faith of Bosanska Krajina People, Not Even When They Are Most Drunk"]

[FBIS Translated Excerpt] When at the beginning of 1993 Mehmed Alagic came to the free territory of Bosnia-Herzegovina, hardly anyone could have thought that he would very soon become a general in the country's army. This man, who was born in and has devoted himself to Bosanska Krajina, offered his experience from the former Yugoslav Army to "the right address", and then everything went very fast. At the time, the army command was thinking of restructuring its units; the Bosanska Krajina Operative Group was created, and the conditions for the creation of the 7th Corps arose.

"My way was different from that of the others: I came out of my own decision, my own will, relying on my own strength." That is what Alagic likes to say, pointing out that he feels no obligations to anybody but the people of Bosnia-Herzegovina. He was born in the village of Pajtovac, the municipality of Sanski Most. In the office in which he works there is a picture of his home region: the Bliha River and its waterfalls. That is, as he says, his motivation, his goal, and his relaxation. In his village he finished elementary school; he graduated from the secondary school in Sanski Most, and from the Military Academy in Belgrade. His military career, which took him from Banja Luka to Kraljevo and then to Vojvodina, ended on 27 February 1991, when he left the former Yugoslav People's Army with the rank of lieutenant-colonel.

[Selimbegovic] Is there going to be a second halftime in the war?

[Alagic] I hope so, and for more than one reason. First and most importantly, we have not completely fulfilled the goals we set ourselves. It would not be fair or right to wait, without trying to go back to where we were exiled from. Under present conditions, I do not believe that chetnik commanders will accept the plan of the Contact Group. They would probably accept it if they were under more pressure, actually, if they had been hit on their heads a bit stronger. However, it was enough to listen to Karadzic's words after their last assembly; his speech was actually an appeal to all "Serb lands" to unite, and a request for a joint action in, as they say, "the defense of the Serbian nation." As long as such attitudes exist, there is no way that they would agree to the plan of the international organization and of the Contact Group. They are using this time simply as a break, looking for some space to regroup, to raise the morale both of their people and of their troops, and then to launch a new offensive.

[Selimbegovic] What, in that case, is the position of the Army of Bosnia-Herzegovina?

[Alagic] I hope that we will not take much notice of the embargo, nor of the politics. I think that in these three years of war we have learned to walk with our feet on the ground, and that we should wait for the first of May, the day when the cease-fire expires, with our feet on the ground, and that we should stay that way. Our course is known—Bosanska Krajina.

[Selimbegovic] The course of the 5th Corps of the Army of Bosnia-Herzegovina is identical. However, there is actually no cease-fire there. Do you have any information on what is going on in this region?

[Alagic] The situation in the 5th Corps is good, although a fierce chetnik offensive constantly persists. The enemy forces are estimated to be extremely numerous—some 35,000 people, but I hope that the 5th Corps has learned a lesson from the latest battles with the chetniks, and that in the next stage of the war they will not venture anything of the sort, but instead they will take into consideration the balance of power, the depth of the breakthrough, the rational use of both human potential and material means, and at the same time try to cause the greatest losses possible to the chetniks. The last contacts and reports say that the tempo of chetnik attacks is weakening, that they are no longer as fierce as previously, which can be traced back to the conditions in the areas controlled by the chetniks, the atmosphere both among the people and in the army. I believe that that is where our advantage lies.

[Selimbegovic] Some time ago it was written in some of the Croatian press that the difference between the units of the HVO [Croatian Defense Council] and the units of the Bosnian Army is that the former use human potential more rationally. As an example they mentioned the 5th Corps.

[Alagic] Such statements have no foundation in reality. The position of the 5th Corps is specific; it is under siege, and it is faced with all the problems that a siege brings with it. And it seems to me that it tends to be forgotten that for a long time the HVO behaved in a purely calculated way, as a matter of fact on some separation lines with the chetniks they had even formed an accommodation. Those times are gone, and I hope they know, I hope they are aware that the better conditions in which they now find themselves were actually created by the Bosnian Army, in fact by the Republic of Bosnia-Herzegovina.

[Selimbegovic] The 7th Corps, together with HVO units, liberated Kupres?

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[Alagic] With the Kupres offensive we created the conditions for the HVO, before the beginning of the battle, to use the opportunity and, exactly on the Kupres plateau, recover the lost national pride of the Croats, with the preconditions created by the Bosnian Army. I hope they succeeded in it.

[Selimbegovic] What is the relationship with the units of the HVO now like—will the Federation of Bosnia-Herzegovina or the Republic of Bosnia-Herzegovina be the one to fight, if the war continues?

[Alagic] Those to fight will be the ones who are devoted to Bosnia-Herzegovina, and who carry it in their hearts.

[Selimbegovic] Your toast with the officers of the HVO in Kupres was commented upon in different ways.

[Alagic] It is true that after we shook hands in Kupres and appeared together in public, which is a normal urbane and civilized behavior when two commanders who respect each other meet, just as it is a custom to make a toast and have a drink, I received a warning from the Television of Bosnia-Herzegovina. I have nothing to say about that and I would not want to make any comments.

[Selimbegovic] Are you a member of the Party of Democratic Action?

[Alagic] Maybe.

[Selimbegovic] There are more refugees here than there is local population. Are there any problems related to this?

[Alagic] I do not know who is the majority here, but I do know that the local population, in particular of the Travnik municipality, really do a lot. Nearly 200,000 people from the region of Bosanska Krajina passed through here. Some left, and a large number remained. One has to understand the local people as well, and I believe that we can solve those problems easily as they come. I hope we will find the best solution.

[Selimbegovic] And that is?

[Alagic] Fighting.

[Selimbegovic] Travnik is not a big town, and on this small territory there exist two police stations, CSB [expansion unknown] Banja Luka, several structures of civil authorities, both local and those for Krajina, the Corps... Is there any overlapping of competences?

[Alagic] That you would have to ask them. Let them say what they think. As far as I am concerned, there is no overlapping.

[Selimbegovic] What is your relationship with the Ministry of Interior of Bosnia-Herzegovina?

[Alagic] My way of seeing that is: The one who is not in front of me, should not stand in my way.

[Selimbegovic] Once you said that 120 kilometers separate the 7th Corps from the units of the 5th Corps.

[Alagic] As long as the fighting goes on, we have the chance to reestablish the Republic of Bosnia-Herzegovina in the region of Bosanska Krajina. The growth of the Army of Bosnia-Herzegovina means also the growth of the 5th and the 7th Corps, and all other corps, but I think that the preconditions for our return are already clear, and that, if we use in the right way the reserves we have in the country, and in particular the demographic reserves we have abroad, then we can talk about our return and about the reestablishment of our country within its state borders, even in the shorter term. If those issues are not successfully solved, the course and the fulfillment of the basic goal would be prolonged, it would require a period two or three times longer, but judging for myself, I can say that for us there can be no peace before we return to our homes. Otherwise, fighting would become meaningless. [passage omitted]

[Selimbegovic] How do you view the principle of ranking in the Army of Bosnia-Herzegovina?

[Alagic] Maybe we were more realistic and rigorous in our attitude and assessment. When I say that, I mean the 7th Corps. But I believe that is good, and as a matter of fact we are now waiting for new regulations on ranks, which will, I believe, show the real picture. Criteria are already clear: Starting from one's achievements, all the way to that which one brought to the Bosnian Army, meaning that which one brought with him when he joined the Bosnian Army.

[Selimbegovic] There was much talk about the fall of Bosanska Krajina. How do you see it?

[Alagic] The answer on what happened in Bosanska Krajina should be sought with the people who were responsible for that region at that time. Personally, it is all hard for me; my opinion is that those who had that task did not carry it out. In a region like that, which had the towns of Prijedor, Sanski Most, Kljuc, with all that population, with that demographic factor, and as I learned with arms as well, something like that should not have happened. And it did happen. We have to learn from that.

[Selimbegovic] Do you sometimes consider the possibility that, in a political solution of the situation in Bosnia-Herzegovina, Banja Luka and Bosanska Krajina are not returned to Bosnia-Herzegovina?

[Alagic] I believe it would be a crime if any part of Bosnia-Herzegovina is not returned. Nobody in Bosnia-Herzegovina has the right to sign the capitulation of even the smallest part of its territory. Therefore, we, the people from Bosanska Krajina, count on every single corner; and the war will go on as long as this is not accomplished. There can be no political calculations concerning that, and I do not want to come back with my

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head bowed, but looking up, without restraints. And I believe that this is only possible through fighting.

[Selimbegovic] The end of the war?

[Alagic] It is uncertain. The closer we get to accomplishing our goal, the closer we are to the end of the war. We must not get reconciled with the present situation, because if we look into the future, some 10, 20, or 30 years ahead, I claim that what they planned for us three years ago would happen again, only that this time it would be carried out completely. And that means that Bosniaks, Muslims, would be erased from these areas, and that must be clear to everyone.

[Selimbegovic] How do you see the free Bosnia-Herzegovina?

[Alagic] Bosnia-Herzegovina was predestined to be multicultural, was meant for all who love and appreciate it and who consider it as their home. That means that Bosnia will be a democratic country which respects all differences between the nations which consider Bosnia-Herzegovina to be their country.

Douglas Hurd Says British Troops To Remain

LD1004174895 London PRESS ASSOCIATION in English 1729 GMT 10 Apr 95

[By Geoff Meade, PA News, Luxembourg]

[FBIS Transcribed Text] The worsening situation in Bosnia does not justify the withdrawal of British troops, Foreign Secretary Douglas Hurd insisted tonight.

He admitted there was growing danger of "a slide into major conflict", but said the government—and its soldiers—believed their value on the ground as a peacekeeping force still outweighed the dangers.

Heavy fighting for control of a mountain above Travnik has renewed fears that the war in Bosnia is about to escalate into an even more vicious conflict.

But Mr Hurd, speaking after discussing the latest developments with fellow EU foreign ministers in Luxembourg, said: "Our soldiers are clear and we are clear that the good which our troops are doing in Central Bosnia and Gorazde outweighs the risk. The test we have always imposed remains in favour of staying. That could change. The situation could deteriorate to the point where the risk is unacceptable. There are plans for withdrawal in those circumstances. We hope they won't have to be put into effect.

"There is a danger of a slide into major conflict. It is possible that the military people on either side believe they are going to win a military victory. I am quite sure thay are wrong."

Buha Assails Russian Foreign Ministry 'Bias'

LD1104201095 Belgrade SRNA in Serbo-Croatian 1856 GMT 11 Apr 95

[Item received by fax]

[FBIS Translated Text] Sarajevo, 11 Apr (SRNA)—Dr. Aleksa Buha, minister of foreign affairs in the government of the Srpska republic [RS], told SRNA today that no individual, and especially no outsider, will be allowed to make decisions concerning the fate of the RS without referring to the decisions of the People's Assembly or by acting in contravention of decision passed by the people in a referendum.

The RS foreign minister was reacting to a statement by a high-ranking official in the Russian Ministry of Foreign Affairs who told INTERFAX that the Russian side is looking for a suitable personality among the RS leaders who would accept the so-called Contact Group plan and would thus be acceptable to the Russian Ministry of Foreign Affairs.

Buha said that both "the RS People's Assembly and its people almost unanimously rejected the so-called Contact Group plan because it ignored the vital interests of our people." He went on to warn that "any further insistence on the unaltered plan is, to put it mildly, a waste of time."

The Serb nation in the RS remembers well claims by Russian Foreign Minister Andrey Kozyrev that the so-called plan contained something that, in fact, was not in it, his "inspection" of Sarajevo at the end of 1992 after which the Russian representative in the UN Security Council voted for sanctions against the Federal Republic of Yugoslavia. We have not forgotten Kozyrev's ignominious role in the affair of Tuzla airport, Buha said.

The RS minister of foreign affairs said that the RS government welcomes any initiative originating from Moscow that aims to clear misunderstandings created by the bias in the behavior of the high-ranking officials of the Ministry of Foreign Affairs of the Russian Federation.

Buha said that those behind the initiative must fulfill a political demand by Russian President Boris Yeltsin, i.e. that the warring sides should be granted equal status and everything that this entails. "That is the only way to move the peace process forward in Bosnia-Herzegovina from the current standstill," Buha said.

Recalling the peace initiative launched by former U.S. President Jimmy Carter and his visit to Pale, Buha said that at the time the RS government "was also hoping for a visit by a high-ranking Russian official." "I am afraid that the Russian Ministry of Foreign Affairs does not sufficiently respect the political significance of direct contacts with Pale, and that is also one of the reasons for such misunderstandings," Buha said in conclusion.

HVO Officer Assesses Situation in Bihac Region

AU1204094495 Sarajevo VECERNJE NOVINE in Serbo-Croatian 1-2 Apr 95 p 7

[Interview with HVO Colonel Vinko Lucic by Suzana Mijatovic in Bihac; date not given: "I Believe the General Is Still Alive"]

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[FBIS Translated Excerpt] In order to establish the circumstances, offer help, and speed up the investigation regarding the disappearance of the commander of the general staff of the Croatian Defense Council [HVO] in the Bihac region, General Vlado Santic, a joint commission was formed, which includes representatives of the Army of the Republic of Bosnia-Herzegovina, HVO, the Joint Command, and the Interior Ministry of the Republic of Bosnia-Herzegovina. This commission stayed in the Bihac region from 15 March to 20 March.

We talked with Colonel Vinko Lucic, who had visited Bihac in the name of the HVO General Staff and of the Joint Command, about the results of the investigation, the statement signed by him and by Brigadier Gen. Ramiz Suvalic, and, of course, about the situation in the Bihac region, from which we receive only limited information.

[Lucic] The humanitarian situation in Bihac is on the verge of catastrophe. The last convoy arrived in January 1994, so the monthly distribution of humanitarian aid is measured in grams. A large number of displaced people have nothing to eat. Schools function, but for a limited number of hours and with frequent interruptions, because of the attacks by the aggressor. Hospitals lack everything and there is no way to extend the materials to them. In the Bihac region, there is UNPROFOR [UN Protection Force], UN military observers, European Union observers, and the International Red Cross, but their efficiency comes down to nothing, since they do not fulfill their basic mandate, the delivery of aid supplies.

[Mijatovic] Has the relationship between the Croats and Bosniaks in this region changed significantly since the disappearance of Gen. Santic?

[Lucic] In Bihac, we talked with the representatives of political parties, religious institutions, representatives of the official authorities of the Bihac region, and we are exceptionally satisfied with the relationship between these two nations. At the moment, more than 20 doctors of Croatian nationality are working in the Bihac hospital, without raising the question of compensation, although they are citizens of the Republic of Croatia. That fact alone tells a lot about the attitude of Croats towards this region. It should also be mentioned that units of Bosnian Army, together with HVO units, participated the liberation of Croat villages here. The joint commission worked a great deal on the weakening of tensions between HVO and the Army, and I believe that the dissapearance of Gen. Santic presents no threat for the Croats and Muslims of this region. Both nations are well aware of their respective situations: The Muslims are aware of the help they get from Croatia, and the Croats are aware of their position in respect to the majority Muslim population. [passage omitted]

Silajdzic, Smith Discuss Airport Security

AU1104202395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 11 Apr 95

[FBIS Translated Text] Prime Minister Haris Silajdzic today received General Rupert Smith, UNPROFOR [UN Protection Force] commander for Bosnia-Herzegovina, and Enrique Aguilar, head of UNPROFOR's Civilian Sector for Bosnia-Herzegovina. The talks were also attended by Minister Hasan Muratovic and Deputy Defense Minister Muhamed Lemes.

In addition to discussing the general situation in Bosnia-Herzegovina, the prime minister especially asked Gen. Smith to explain the action that UNPROFOR plans to take with regard to the security of Sarajevo airport, which has increasingly come under threat from the Serbian side. It was also pointed out that the aggressor is carrying out major engineering works around the airport.

They also discussed UNPROFOR activities regarding the NATO ultimatum, considering that the aggressor's attacks on the civilian population in Sarajevo have become frequent.

Prime Minister Silajdzic asked UNPROFOR urgently to secure the delivery of humanitarian aid to Sarajevo as the airport and all the roads are closed and the stocks of food in the town are minimal.

Gen. Smith has announced measures to reorganize the airport in the near future and to secure the delivery of food to Sarajevo.

Croats Agree to Transitional Federal Authorities

AU1104174495 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 11 Apr 95

[FBIS Translated Text] Ivan Bender, Dario Kordic, and Ivo Lozancic, Croat members of the Coordination Committee for Monitoring the Setting Up of the Federation of Bosnia-Herzegovina, have sent a memorandum to Mirsad Ceman, a Bosniak member of the Coordination Committee, in which they expressed readiness to set up transitional authorities in the Federation of Bosnia-Herzegovina and observe all provisions of the Federation Constitution and the Washington, Zagreb, and Bonn Agreements. The memorandum states:

Via its elected and authorized representatives in the legislative and executive organs of authority of Herceg-Bosna and the Federation of Bosnia-Herzegovina, as well as the bodies of the Croatian Democratic Community of Bosnia-Herzegovina, the Croat people have accepted the project of the Federation as an expression of interest-oriented linkage of Croats and Muslims. The Croats will consistently implement the adopted stands and principles of setting up and developing the Federation of Bosnia-Herzegovina and a confederation with the Republic of Croatia. All members of the coordination committees from the ranks of Croat people should

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adhere to the Federatiion Constitution and the Washington, Zagreb, and Bonn Agreements.

The implementation and application of these documents in the municipalities and cantons is (?not conditional) on linking cantons or municipalities from different cantons.

The transitional organs of authorities would be formed on the basis of the 1990 elections, which is also stipulated by the provisions of the Federation Constitution and the stands adopted at the meeting of the Coordination Committee in Sarajevo on 9 November 1994, and made concrete by the Bonn Agreement.

These stands will be made concrete for Canton six, the Vrbanja-Lasva-Lepenica Canton, by a coordination committee headed by Ante Valenta. According to the elections results, there is a near parity of Croats and Muslims.

These stands will be made concrete for canton seven, the Rama-Neretva-Huma canton, by a coordination committee headed by Milo Puljic. According to the election results, the Croat representatives have an absolute majority. If the authorized representatives of Croats and Muslims cannot agree and implement these stands, one should engage international arbiters, the memorandum states.

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Granic, Albanian Foreign Minister Comment

LD1104121195 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 11 Apr 95

[FBIS Translated Text] [Announcer] Andjelko Perincic has a report on this morning's round of talks between Croatian Foreign Minister Mate Granic and Albanian Foreign Minister Alfred Serreqi:

[Perincic] The Granic-Serreqi talks were concluded this morning. Afterwards, the two foreign ministers made press statements. Minister Granic said that in the course of the talks they discussed the situation in the region, bilateral relations, and European integrations in which both countries are interested:

[Begin Granic recording] Regarding bilateral relations, they are constantly improving. So far we have had meetings at the top level—our state presidents, prime ministers, and parliamentary speakers have met. Today we signed a protocol on the cooperation between ministries of foreign affairs. We have concluded it was necessary to exchange information frequently on the situation in the region.

As far as economic relations are concerned, they do not follow to a sufficient degree the development of our political relations. Therefore, we have concluded that we should establish as soon as possible better communication and inform the Albanian public about potentials of the Croatian economy and vice versa.

We also discussed the possibility of cooperating in the field of tourism and other forms of cooperation. We are hoping to abolish visas by the end of this year. In the meantime, we shall have talks on easing transport of goods, services, and people. Particularly those Croatian citizens who have needs regarding work in Albania and Albanian businessmen and tourists who will come to the Republic of Croatia. [end recording]

[Perincic] Albanian Foreign Minister Alfred Serreqi then made a brief statement for the public.

[Begin recording Serreqi in Albanian with superimposed translation into Serbo-Croatian] This visit could be a model not only for future talks between our two countries, but also in the approach to solving the problem in the whole region. After today's talks it is obvious that Croatia and Albanian have similar or the same stands on the problems we discussed. We both believe that the cause of the crisis in the region is the Greater Serbian aggression, which we must oppose with civilized principles, by respecting the nonviolability of borders and human rights. The crisis, which reached its climax with the occupation of some Croatian territory, is also very complex in Bosnia-Herzegovina.

An important part of the crisis is Kosovo as well. That is why we believe that Kosovo must be included in a peace plan. We support the Bosnia-Herzegovina Federation and its confederal links with Croatia, as well as the latest Security Council resolution on the peace forces in Croatia. We also believe that more stable relations between the Balkan countries could make up for the lack of effectiveness of the European Union, and we could thus assume greater responsibility.

From our discussion of bilateral relations, I would like to stress the negotiations on the need for a greater flow of goods and people between Croatia and Albania, which will be easier after the protocol signed today and the imminent abolition of visas. [end recording]

[Perincic] The Albanian minister was asked to comment on international media reports on fuel being shipped to the Serbian-Montenegrin Federation through Albania, despite the embargo.

[Begin recording Serreqi, in Albanian with superimposed translation into Serbo-Croatian] The Albanian Government has always supported clearly the resolution on the embargo, and I think that all resolutions are being implemented in Albania. I think the embargo has had its effects and those who are busting it should be punished. I affirm that the Albanian Government has not disregarded the embargo, but I agree that there might be cases of smuggling. I would like to recall that we have asked for assistance to curb smuggling. However, I think great fuss has been made concerning this issue because some people obviously have interest in muffling Albania on the political scene because we insist on a peaceful solution, which would include a solution to the problem of the Kosovo Albanians, the Albanian minister said in conclusion. [end recording]

UN Dismisses Russian General for 'Incompetence'

AU1104153095 Paris AFP in English 1435 GMT 11 Apr 95

[FBIS Transcribed Text] Zagreb, April 11 (AFP)—The UN commander in northeastern Croatia, Russian General Alexander Perelyakin, has been sacked for incompetence, UN spokesman Michael Williams said Tuesday [11 April] in Zagreb.

"Following an UNPROFOR [UN Protection Force] investigation, it has been decided by UN headquarters in New York that a change of leadership in the sector was essential," Williams said.

Perelyakin is the first general serving under the UN to be dismisssed since it deployed troops in Croatia in April 1992, Williams added. He was in command of around 2,000 blue helmets and UN civilians in eastern Slavonia. The zone bordering rump Yugoslavia (Serbia and Montenegro) is controlled by separatist Croatian Serbs from the Krajina region where they declared their own republic.

Williams, who would not give further details of Perelyakin's "shortcomings," said no replacement had been chosen yet. The Russian was dismissed with effect from midday. UN sources indicated however there were severe shortcomings in Perelyakin's performance, the

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UN being particularly dissatisfied with repeated inability to exhibit acceptable standards of leadership. He was also accused of failing to perform his duties in accordance with UN directives and failing to improve on these shortcomings.

Perelyakin was said to have done nothing to prevent heavy military material being transported between rump Yugoslavia and Serb-controlled Croatia in March, as well as allowing other trade across the frontier.

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Kucan Expounds on European Integration, Relations

AU1104181695 Ljubljana MLADINA in Slovene 4 Apr pp 28-32

[Interview with President Milan Kucan by Jani Sever and Miha Dj. Stamcar; place and date not given: "Happy Times"]

[FBIS Translated Excerpt] [MLADINA] Assessments of the current situation in Slovenia vary a lot, ranging from those who still speak of a success story to the pessimists who speak of an intolerable situation in the realm of human rights, the increase in crime, and even the existence of a mafia that is supposedly linked to state institutions. What is your assessment of the current situation in Slovenia?

[Kucan] The above are the assessments of the two extremes. One should ignore those that are unreservedly optimistic, with which authorities usually justify their successes, as well as those that are extremely critical and oppositionist, and deny any success to the authorities. By no means is everything in Slovenia right, however, our life is not terribly unpleasant either. After everything that has happened to Slovenia and in Slovenia over the past few years, the situation is more or less what might be expected. Perhaps more could be achieved had there been more desire to cooperate and search for a consensus on the issues of our life and our future. This vision is still lacking and the activities of Slovene politics are often haphazard for this reason. Despite all this, I believe that the current generation of Slovenes is part of a happy generation. We are witnessing great change. The world is growing substantially different, smaller, and more accessible. Slovenia is changing, too. It went through major tribulations. It has become a nation. Slovenes think about prosperity, the quality of life, and the future, also with a feeling of responsibility to the state and its proper place in the world of the coming millennium. We are dealing with the challenges posed to mankind by high technology, information technology, and communications, with the issues of civilizing principles and the system of values that are supposed to give purpose to life. Our history has become terribly condensed. We were not merely the witnesses to profound and rapid changes but also of their protagonists. Therefore, we cannot be reproached for being a nation of latecomers who fail to recognize and understand the signs of their times. This is what I mean when I speak of happy times.

Of course, there are problems and very serious ones, too. Among others, there is the equilibrium between economic development and social security and justice. The Slovene state does not pay the necessary attention to these issues and, in my opinion, does not respond in a precise and timely enough manner to them, thus allowing for doubts as to whether the quality of the life of its citizens, that is, "serving the people" is truly its main concern. The data that about 70,000 people live under the minimum subsistence level; the fact that we have 100,000 unemployed, including young people; that corruption and violence are escalating, and other things, also testify to this. The state is not responsive enough when it comes to respect for human dignity and protection of human rights—not by allowing violations, but by exhibiting a slow and "bureaucratic" attitude toward the citizens who seek its protection. The state and citizens' attitude toward legality and an insufficiently strict stance on the rule of law are among the serious questions. All these issues, the attitude toward culture and spiritual creativity in general, should be given priority, and not only the economic issues that are at the forefront in the process of transition and are being successfully resolved. In conclusion, people in Slovenia do not live on bread alone. [passage omitted]

[MLADINA] It appears that we have finally found a way out of the deadlock in which Slovene-Italian relations have been mired. The lifting of the Italian veto and the beginning of negotiations on associate membership in the European Union, which occurred under new foreign ministers, was really a surprise. Does the success of Slovene foreign policy perhaps....

[Kucan] This definitely signifies the success of Slovene foreign policy and Minister Thaler personally. The truth is that a year-long Italian blockade and the attendant delay in beginning the negotiations on the European agreement aroused dissatisfaction within the European Union, and the United States actually did not view the blockade with much understanding either; given the circumstances, this also contributed to Prime Minister Dini's administrative government lifting of the veto. However, this does not diminish the fact that Slovene foreign policy succeeded in asserting the viewpoint supported in principle by the European Union, namely, that the issue of agreement must be separated from Italy's controversial issues in its relations with Slovenia. What is more important, it has asserted the view that Slovenia meets the criteria for signing the agreement and for this reason, any postponement of negotiations on its contents would be unfair and discriminatory to Slovenia.

[MLADINA] Will the relentlessness regarding the demands of the option seekers [optanti] not lead to a new Italian veto?

[Kucan] This is not about relentlessness but about the precise definition of the problem. Slovenia has no outstanding obligations to Italy, including concerning the property of the option seekers. Formally, the issue of compensation for the confiscated property of the option seekers was solved with an interstate agreement. Italy wants a solution that is different to the one agreed. Any new solution can only be mutually consentaneous. It cannot be extorted with the logic of the stronger negotiating side against the supposedly weaker side. Demands or any sort of formal apology to Italy cannot be the reasons for it, only the motives of human compassion can. These are only possible if we agree on the validity of the present agreement and the readiness to display

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human compassion in the resolution of the same problems for the Slovene minority on the other side, too. I believe that it is not wise to use the past, which was unkind to both peoples, as an argument, although an objective assessment of history would definitely tilt the scales of injustice well to the Slovene side. Despite this, I do not believe that we can find solutions there. Above all, we must ascertain if there is an interest in a joint and friendlier future that would allow our two peoples to live beside one another rather than against one another. I believe that such an interest strongly prevails. If we can agree on a joint future, a veto will not be needed.

[MLADINA] The problems that Italy has been making for us for quite some time have made a great many Slovene citizens skeptical about integration with Europe. Does this mean that those closer to Europe are actually more skeptical about it?

[Kucan] The fact is that the European Union has not been the same after Maastricht. The criteria for entry are a lot tougher, interventions in national sovereignty deeper. Actually, economic, political, security, and defense benefits are greater, too. We will have to carefully weigh both sides and on that basis thoughtfully prepare a decision for referendum. I am convinced that this cannot be decided otherwise, not because of growing "euroskepticism" among Slovenes but because of the importance of this decision for the future of Slovenia and Slovenes.

[MLADINA] Europe is supposed to be a kind of peace guarantor for Slovenia. What do you think of Slovene integration into international security organizations?

[Kucan] Integration with Europe, as a priority project for our country, is all-encompassing. It is impossible to pick and choose, or isolate a political, economic, or security-defense aspect. This requires good coordination of assessments and activities, and a precise definition of measures. Here I also wonder why Slovenia does not manage to form a national security council, which everybody else has, and who would not want its activity? The proximity of the war and increasingly more prominent border between the stable and unstable parts of Europe more and more often raises the question of integration in European security organizations, NATO too. Under the present circumstances, such an orientation probably does not have an alternative that would safeguard a safe and successful future. Of course, this does not depend merely on us. There are numerous dilemmas connected to the expansion of NATO. However, we should definitely work in the direction that, when these dilemmas are resolved, there is no question as to whether we meet the necessary conditions for membership, including regulations on the military and relations between "the civil" state and the army. It, therefore, also involves our competence.

[MLADINA] Should NATO membership be decided in a referendum?

[Kucan] Integration into NATO is not merely a technical or military expert issue. I do not believe there could be any serious arguments with which we could oppose or dismiss any initiative by the public, deputies, or anybody else, for this to be decided by the citizens in a referendum when the time comes.

[MLADINA] Where can one find a solution to the Balkan crisis?

[Kucan] It should definitely be sought in the "europeanization" of the countries that have or will emerge on the territory of the former Yugoslavia, and other countries in southeastern Europe. This means abandoning the idea of ghettoing the war or creating a sort of quarantine zone where Slovenia would be given the role of so-called "cordon sanitaire" or buffer zone. European perspectives should be opened to the citizens of the unfortunate countries involved in the Balkan war. This, of course, means that these countries would have to meet the same criteria that apply to the central European counties, including Slovenia, in joining the European integrations.

No yielding or concessions can be permitted on issues of political democracy or the market economy, and especially not regarding full observation of human individual and collective rights and liberties, including ethnic minorities. The succession issues, too, that is, succession rights and obligations stemming from the former Yugoslavia, must be based on the principle of equality of all the republics of the former Yugoslavia and be asserted in conformity with the principles of international law. To cede succession rights solely to the present FRY [Federal Republic of Yugoslavia], that is Serbia and Montenegro, which is being considered, would be another big mistake by the international community, as would the budding attempts to rebuild Yugoslavia, which are devoid of any reality. Slovenia cannot agree to any of these.

[MLADINA] In your opinion, what should our future relations be with Yugoslavia, that is, Serbia?

[Kucan] They should be the same as with all other European countries for which the principles of international cooperation based on equality, mutual interests, justice, and mutual respect apply. Of course, for normal relations, one must first end the war, renounce territorial claims, fulfill all the conditions for international recognition, agree to equality in connection with the succession of the former joint state, and recognize the jurisdiction of the international war crimes tribunal. [passage omitted]

[MLADINA] Even the government and parliament are furthering distrust in a law-governed state. Is it not worrisome that an important law like the Law on Agency for Payment Operations, proposed by the government and passed by the parliament, was annulled by the Constitutional Court?

[Kucan] Quite possibly, however, not because the parliament would occasionally also pass laws whose provisions would be annulled by the Constitutional Court.

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The Constitutional Court not only defends, but also helps create a law-governed state. For this reason its decisions are final. I believe that the judges of this court are well aware of their importance. The truth is, some legal proposals and decisions of the State Chamber could have been better thought-out and elaborated; it would benefit the stability and safety of our country's citizens if legal expertise had had more say in legislation, and political interests—less.

[MLADINA] Romana Logar, director of the Agency for Supervision, Payment Operations, and Information, in an interview for MLADINA two months ago said that "it was mainly people with neither theoretical nor practical knowledge of supervision, that is, auditing - who were appointed to the Accounting Court." You proposed the members of the court. Why did you chose these people in particular, that is, what criteria did you consider in your decisiomaking?

[Kucan] The purview for members of the Accounting Court is established by law. The same applies to criteria and deadlines. One can choose only among candidates who responded to a public advertisement, therefore, not on the basis of a subjective judgment as to which people, apart from the contenders, would be most suitable for these duties due to their theoretical and practical knowledge of budgetary funds supervision. A third of the court's members must come from the circle of chartered auditors, and this was exactly the number of applicants. The law stipulated that the Accounting Court begin working as of 1 January 1995 and for this reason the entire procedure had to be completed before this date. The reasons why the response to this advertisement was relatively poor and some experts who were being talked about did not respond to it, should probably be sought in the varied opinions on the legal concept of the Accounting Court, and also in the fact that the majority of experts were already employed in the Agency for Payment Operations, that is, in private auditing houses that decided not to take part in the competition. The president of the Accounting Court was proposed by KVIAZ [the State Chamber Commission for Elections, Appointments, and Administrative Matters]. All the proposed candidates met the formal criteria established by law. It is now up to the Accounting Court itself to disperse any doubt that might be sensed in your question, with its work.

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Federal

Lilic Predicts Progress Toward Bosnian Peace

AU1104200195 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 11 Apr 95

[FBIS Translated Text] Zoran Lilic, president of the Federal Republic of Yugoslavia [FRY], visited the Command of the Corps of the Special Units of the Yugoslav Army today. President Lilic was acquainted with the combat readiness of the Corps and attended a brief military exercise of the special units. At the end of the visit, Yugoslav President Zoran Lilic wished all the Corps members much success in performing difficult, albeit honorable patriotic tasks. Dragoljub Stankic has the details:

[Begin recording] [Stankic] FRY President Zoran Lilic was welcomed at the Command of the Corps by Colonel General Momcilo Perisic, chief of the General Staff of the Yugoslav Army, and Col. Miodrag Panic, commander of the Corps of Special Units.

After the national anthem was played, President Lilic inspected the guard of honor and then, in the premises of the command, was acquainted with the preparedness and combat readiness of the special units of the Yugoslav Army.

President Zoran Lilic then attended a brief military exercise: first the special units' physical drill and then the exercise of antiterrorist drill aimed at releasing hostages. The president was acquainted with special arms and equipment used by these units. After returning to the premises of the Guard, Yugoslav President Zoran Lilic addressed the officers of the Corps.

I have seen today that, according to its composition and equipment, this unit can justifiedly be compared with the well-known rapid deployment forces that modern armies in the world have, President Lilic pointed out and added that if there is any difference at all, it lies in the fact that our special forces are being prepared for rapid deployment in case of a possible aggression from outside and not in order to threaten other countries' sovereignty.

The FRY is trying to build up a strong army with modern weapons, in compliance with the defense needs and with the country's financial possibilities. All analyses and assessments of the Supreme Defense Council made so far point out that we are on the best path toward creating such an army, President Lilic said and added the following:

[Lilic] In the policy of financing the Yugoslav Army, we proceeded from real needs and the (?evaluation) of international military-political currents in our neighborhood and beyond.

Unfortunately, under the conditions of blockade on our country, which can also be called a special economic war against the FRY, the planned military spending, as a part of the overall public expenditure, could not have been realized according to expectations, so, as it is well known to you, one therefore had to resort to realizing the (?priorities) of the [words indistinct] for the regular [word indistinct] of the army, and only then for its transformation and further modernization. I personally believe that better times are coming, above all in the economic development of the FRY. If that is so, I am convinced that the Yugoslav Army, according to the needs of the FRY, must be expecting better days.

Thanks to (?massive) efforts and diligence on the part of the officers—I would like to stress this, in particular, as I know what has been done by the officers, ranging from the General Staff to the basic units' commanders—the program of transformation of the Yugoslav Army has (?already) been realized and was done with modest financial resources. You also know very well what all we had to deny ourselves in order to realize this.

It is therefore with unconcealed pleasure that we may assert today that, despite all difficulties, we have armed forces worth respect, professionally trained and capable of performing strategic tasks in defending the country—above all and only in defending the country. Thanks to these qualities, our army is the main factor of deterrence to a possible aggressor, it is ready to prevent a strategic surprise, and create conditions for a timely mobilization of combat units [ratna jedinica] and all other potentials of the society for defending freedom and independence, sovereignty, territorial integrity, and (?certain) constitutional setup of the country.

Gentlemen officers, we are proudly speaking about our freedom traditions exactly at the time of preparations to mark the 50th anniversary of victory over fascism in which our peoples, fighting on the side of the antifascist coalition, invested many human lives and suffered huge material destruction. These are undisputable historical truths and undisputable historical facts. This was the real (?place) of our peoples in the times of great challenges for the whole of Europe and the world. Therefore, we cannot rest calm before the attempts by some influential circles from that very Europe and some other parts of the world at this very moment [words indistinct] to remove us from the victors' throne and instead of us or along with us place those people against whom we fought on the side of the allies in two world wars.

Everyone who wants to hear the truth knows very well that from the very beginning of the crisis throughout the earlier [prethodan] Yugoslavia—the crisis incited by and actively joined in by many foreign factors—we have been actively and honestly advocating peace, albeit a just peace. In our opinion, a lasting peace can be reached through negotiations and diplomatic efforts. War represents the ultimate means in defending the achievements of freedom after peaceful means can no longer help and fail.

The FRY has been investing all of its strength and authority to have the clashes on the territory of the earlier Yugoslavia solved in a peaceful way. Despite the

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many limits imposed from abroad, we have been trying to help the situation in the region to stabilize, above all by establishing peace in the former Bosnia-Herzegovina through respecting the equal rights of all three constitutent nations and through direct negotiations among them.

I believe that we shall soon witness changes on these territories regarding progress in the realization of a peaceful policy and there will finally be the signing of peace in Bosnia-Herzegovina. I do not think that the war can bring anything good to anybody any longer, not that it ever could. One should stop all the destruction and the loss of human lives if things can be solved in any other way and it is obvious that they can. You will see the Contact Group here today as well as tomorrow and over the coming days and activities in that regard will continue.

I believe that understanding will be shown by all the factors and participants who can and must invest their authority and responsibility in contributing to the establishment of peace on the territory of the earlier Yugoslavia.

Our persistence with the peace policy cannot be ignored by the international community for ever; you know that. Belgrade has recently become a really unavoidable center of diplomatic activity, not only as regards the territory of the earlier Yugoslavia; the prospects of all-Balkan cooperation once one of the strongest hotbeds of crises in postwar Europe has been extinguished are also increasingly often discussed here. [end recording]

Contact Group Plan 'Represents Realistic Formula'

LD1104215595 Belgrade TANJUG Domestic Service in Serbo-Croatian 2129 GMT 11 Apr 95

[FBIS Translated Text] Belgrade, 11 Apr (TANJUG)—Serbian President Slobodan Milosevic this evening received the Contact Group, which is made up of the representatives of the United States, Russia, Great Britain, France, and Germany.

According to a statement issued by the office of the Serbian president, in the talks it was stated that the peace plan for the former Bosnia-Herzegovina, as a starting point for an overall political solution, represents a realistic formula on the basis of which negotiations between the sides in the conflict can be restarted. In lengthy talks there was a detailed exchange of views on the development and process of the resolution of the crisis in the area of Yugoslavia.

Also taking part in the talks was Vladislav Jovanovic, the minister of foreign affairs, the statement says.

Commentary: Price of War Paid by Serbia, Croatia

AU1204062495 Belgrade NASA BORBA in Serbo-Croatian 5 Apr 95 p 9

[Commentary by Djoko Kesic: "The Price of War Liaisons"]

[FBIS Translated Text] War has so many facets that we have almost forgotten that it is the primary means for accomplishing economic-material goals, high profits, and gains. At first glance, the Balkans is one of the rare regions in which war is interpreted exclusively as a means of accomplishing political dreams. However, there is also the question of money.

Who will profit from the ongoing war in the former Yugoslavia will be shown by subsequent revelations. One thing is for sure—it is not and will not be the newly established states there. Well known, but also inaccurate, analyses done by various economic institutes say that the FRY [Federal Republic of Yugoslavia] has lost more than $50 billion in this war. The economies of Serbia and Montenegro will pay the price for war later, in the years to come. Many industrial capacities have been inoperative for years; in addition, they are technologically outdated, so they are unable to produce funds for their replacement.

Croatia's economy—judging from the scant information coming from that region—is not in a much better position. According to some assessments, Croatia has taken out new loans from international financial organizations, and its national debt today is reportedly greater than the national debt of the former SFRY [Socialist Federal Republic of Yugoslavia], which used to cause public outrage, as well as fear. It was announced recently that Croatia's 1995 military budget is $5.3 billion, which is considerably more than what used to be apportioned for the same purpose by the former Yugoslavia, when its military potential was counted among the leading five in Europe. It is also known that Croatia has not acquired those means from its revenues.

Actually, the data announced recently by Lloyds insurance company provides the most expressive picture of economic consequences from Yugoslavia's collapse. Among the shipbuilding nations, the SFRY used to occupy third place. Croatia is number 13 today, while the FRY is not mentioned at all. The natural assets of Slovenia and Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], though spared of direct war destruction and exhaustion, are not showing very promising advancements, such as their politicians announced when they left the SFRY.

The war has created some new liaisons of international dimensions that have been fed on very different energies, but essentially they have only confirmed the age-old political truth that those liaisons are all about interests. In Croatia, songs glorifying the German affinity toward the Croats have been in fashion for quite some time. On Brac island, a monument was erected to honor [former German Foreign Minister] Genscher, while there are many bars and restaurants in Croatia that were named after him or Austrian Foreign Minister Alois Mock. Mock is an honorary citizen of Zagreb, while in Ljubljana, he is one of the most admired foreign politicians.

As for the Croatian side, that affection is probably unreserved and wholehearted. The other side, however,

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probably uses those emotions simply to make a profit. Since the beginning of the war, across the southern border of Austria weapons have been delivered despite the embargo of the international community, but those high profits are not included in the balance sheet of Austrian foreign trade that was recently announced in Vienna.

Which is to say, by trading with four former Yugoslav republics, Austria in 1994 made three times more profit than by trading with all of EFTA (2.4 billion Austrian shillings). Trade surplus with Slovenia in 1994 amounted to 3.9 billion shillings, Croatia 2.6 billion shillings, The Former Yugoslav Republic of Macedonia 602 million shillings, and the Muslim-Croatian Federation 140 billion shillings. The total amount of Austrian trade surplus with the aforementioned countries amounts to 7.3 billion shillings, while the surplus with SFRY on the eve of its breakdown amounted to 5.9 billion shillings.

These numbers are certainly not the definite price of the aforementioned liaison, which obviously involves quite different emotions.

Fortunately, Serbia did not erect a monument to Russian Deputy Foreign Minister Vitaly Churkin, even though there were such proposals in the Serbian Assembly. However, the price of that mysterious and half-way defined Serbian-Russian friendship has not been stated yet.

It is hard to believe that the FRY has a trade surplus with Russia, as the SFRY used to have. However, the other, more valued Serbian-Greek friendship has a more palpable price. Of the $12 billion that Greece earned last year from tourism, a considerable part was certainly brought by the visitors from Serbia. Yet, the low-pitched protests by the Serbian Ministry for Tourism, the demands for touristic parity, and the abolition of Greek entry visas imposed on FRY citizens have remained without response, despite objections coming from the Serbian side that Greek visas are not necessary for the Croats and the Slovenes.

Negative Reaction to Import Restrictions

95BA0202D Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 6 Mar 95 pp 12-14

[Article by V. Stefanovic: "Customs Policy: With Logs Against the Embargo"]

[FBIS Translated Text] Someone obviously did not rightly understand the job he was given. That is the only rational way one can explain the unusually stormy reaction of the business public to the package of measures with which the Federal Government made imports enormously more expensive and placed additional restrictions on import rights. Immediately after it took effect by decision of the Kontic cabinet in mid-February, the new price list of nonduty imposts on imported goods drew the first adverse reactions of managing directors here, and then soon all of that rose to a higher institutional level in the views first of the Serbian, and then also of the Yugoslav, Chamber of Commerce. Additional weight was added to those comments, which came down most briefly to "you have gone too far," in that those views were very well-placed in the large-circulation dailies here, which rarely give up the space to people and views that are "on the wrong side."

Exaggerated Zeal

What is confusing is that the recent measures of intervention in the foreign trade regime could by no means have been a surprise to the business public here. Governor Dragoslav Avramovic announced them back at the end of the year, when he sketched out economic policy for this year in the popular "10 commandments." Except in a segment of the specialized public, the announcement of import restrictions was not commented on much at that time, and there was particularly little adverse comment. Did the Kontic cabinet take up the job agreed on with excessive zeal, or were business people waiting to see what those measures would look like in specific terms before speaking out? Anyway, that is not all that essential now, because the domestic economy is one of the best-protected in the world, to the extent that it itself has become frightened of the concern of the state.

What has the Federal Government actually changed in the foreign trade regime since the beginning of the year? First, it undertook total restriction of import rights: Aside from petroleum, petroleum products, and natural gas, all other import goods fell under state jurisdiction. Consent of the Federal Trade Ministry was instituted on whatever had previously been outside the regime of quotas (in quantity and value) and permits. For all practical purposes, this did away with the unrestricted import regime (LB) except for petroleum, petroleum products, and natural gas. Although this draconian move was not much commented on in the public, it was given up a month later. A new decision followed (on 3 February), for which the case was not specifically made, but it was accompanied by propaganda that imports were being liberalized, going back to the LB regime on goods included in replacement parts to maintain imported equipment, parts for the same, as well as what might loosely be classified as raw materials and production supplies. From the economy's standpoint, the list of goods that could be imported without the state blessing is probably of interest, but from the standpoint of the final consumer (read: the public) it is extremely gloomy—aside from coffee, lemons, and toilet paper, the other commodities do not deserve the attention of the general public.

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And at the Border...

Article	Import Regime[1]	Rate of Duty, in Percent	Nonduty Burden (a + b + c)[2]	Excise Tax, in Percent
Lemons	LB	5	10 + 10 + 1	—
Oranges	KK	5	41.5 + 41.5 + 1	5
Bananas	KK	0	41.5 + 41.5 + 1	5
Coffee, unroasted	LB	0	10 + 10 + 1	3 dinars/kg
Whiskey	KK	25	25.5 + 25.5 + 1	1.25 dinars/liter
Newsprint	LBS	3	25.5 + 25.5 + 1	—
Toilet paper	LB	5	10 + 10 + 1	—

[1] LB is the free import regime, KK is the quantity quota granted by the competent ministry, and the LBS regime requires the Federal Trade Ministry's consent for imports.

[2] a is the fee on imported goods in 1995, b is the charge for equalizing the tax burden on imported goods in 1995, and c is the fee for customs recordkeeping.

Whisky in Dispute

Not long after the "liberalization," on 26 February, the Decision on Payment of the Special Fee on Imported Goods in 1995 and also the Decision on Payment of the Special Charge for Equalizing the Tax Burden on Imported Goods in 1995 took effect. It was these two decisions, "twins" in their financial effect, that evoked the main odium of domestic business people. It is worth mentioning that they should not be associated with the Kontic cabinet—the first is the consequence of a law adopted way back in 1970, and the second is based on a law that dates from 1980, and together they represent what is referred to as the nonduty burden, whose level has changed according to the objectives of economic policy; this Federal Government has merely increased them dramatically. Thus, in general the fee on imported goods this year is 25.5 percent of the duty base, and as much again must generally be paid in the form of the charge for equalizing the tax burden (51 percent in all). On some goods, the nonduty burden is 83 percent (41.5 + 41.5), while on others it is lower than the customary 51 percent—in one group, the burden is 20 percent, in another 16 percent.

Group "83," one can assume, contains most of the so-called consumer goods for which there is the greatest demand on the domestic market—textiles, footwear, household appliances, TV and audiovisual equipment, automobiles, cigarettes, perfumes, and other luxuries, such as bananas, beer, wine.... It has already been noted in public that whiskey is not included in this category, and the comments have not been very kind. It is a fact, however, that the federal officials did not include in Group "83" either French cognac, Stock, VQ, or any other hard liquor, so that there is no reason to speak about some special preference for whiskey.

Group "20" contains a proportionally quite small number of articles: We might single out gasoline, fertilizer, unfermented tobacco, lemons, toilet paper, and electric power. It is of interest that newsprint, by contrast with toilet paper, has remained in Group "51."

The lowest nonduty burden has been envisaged for imports of human and veterinary drugs and raw materials and production supplies for their production: These products make up Group "16," but confirmation of the competent ministries is required to import them.

These decisions also contain clauses that enumerate cases in which nonduty burdens are not paid: For all practical purposes, on all goods exempted from duty under the provisions of the Customs Law, goods on which duty is not paid under international treaties, and also goods produced entirely or more than 51 percent processed in the former republics of the SFRY [Socialist Federal Republic of Yugoslavia] or regions defined by the Federal Government. Cigarettes are the only exception to this.

A Difficult Task

It is also worth noting that the Federal Government did not change rates of duty in the last package, which range from 0 to 25 percent, nor the fee for customs recordkeeping (1 percent of the duty base). Nevertheless, when all the imposts that await imported goods at our border are added up, one can calculate that in the case that is optimum for the state and the most tragic for the importer the duty and nonduty burden can climb to a magical 109 percent (25 percent duty, 41.5 percent charges, the same amount of the import fee, and the 1 percent for recordkeeping). That is the case, for example, with automobiles, but one could draw up quite a lengthy list of goods on which imposts this large are paid. And now let us see who is competing with the Yugo automobile when it comes to price! For all the difference it makes to us, the sanctions could drop tomorrow.

It goes without saying that our everyday economic life is not so very bright and the level of the country's foreign exchange reserves is disheartening. Although it is difficult to guess the real motives of the competent authorities for resorting to such rigid restriction on imports, to which EKONOMSKA POLITIKA devoted its editorial in the last issue, it seems that everything revolves around the (overestimated) exchange rate of the national currency. Neither the duty nor nonduty burdens are collected in dinars, so that its "unofficial" drop on the black market has certainly tended to

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reduce the budget revenues of the federal state. Nevertheless, because domestic industry is highly dependent on foreign goods (the estimate is about 30 percent), imports will not be suppressed by any kind of administrative and financial logs set up on our side of the national boundary. It is difficult to imagine, that is, that production will come entirely to a halt, nor probably is that anyone's objective. We can anticipate, then, that the most recent measures of intervention will only make domestic production more expensive, which again is utterly out of step with the main objective of economic policy for this year—price stability.

The reactions of the economy, and especially the way in which they were placed in the media, suggest that the Federal Government will soon be once again changing something in the foreign trade regime. The concept of the caring attitude toward domestic production can hardly be disputed; only a more selective approach in application of very rigid measures is possible. The thinking of a segment of the professional public, that at this moment, under the international embargo, imports should be liberalized and the domestic market opened up to foreign competition, cannot be read or heard in those media that are the most important. That is not the trend. Yugoslavia is not a member of the World Trade Organization (WTO), and it is still far from beginning negotiations with the IMF. Until then, in the opinion of advocates of this concept of a strictly closed economy, it is important only to balance the desirable level of protection which will not have the responsive effect of putting too great a burden on the domestic giants. Someone, however, did not get that quite right, or was the task too difficult?

Montenegro

PRC's Qian Holds Talks With Bulatovic

LD1104145995 Belgrade TANJUG Domestic Service in Serbo-Croatian 1358 GMT 11 Apr 95

[FBIS Translated Text] Podgorica, 11 Apr (TANJUG)—Qian Qichen, PRC vice premiere and minister of foreign affairs, who is paying a visit to Montenegro in the course of his three-day visit to Yugoslavia, stated in Podgorica today that his talks with Montenegrin President Momir Bulatovic and Prime Minister Milo Djukanovic were completely open.

In a brief statement following his talks with Bulatovic in Villa Gorica, the high-ranking Chinese guest said that he has come to Montenegro with great pleasure, as this is his first visit to this republic.

Qian Qichen stressed that he is gaining strong impressions from Montenegro, as he said, about the principled, practical, and elastic political stances of Montenegrin leaders in connection with the resolution of the crisis on the territory of former Yugoslavia.

In a brief press statement, Bulatovic stressed that the People's Republic of China and the Federal Republic of Yugoslavia, including Montenegro, are two very different countries, primarily by their size, but are very close in their political stances and the friendly way of thinking. Bulatovic stressed that forms of concrete cooperation with China—actually its province of Guizhou—have been agreed.

This Chinese province and Montenegro, as it was explained, signed a cooperation agreement back in 1987, on which their friendship is based.

After the talks with Bulatovic in Podgorica, which were preceded by talks with Prime Minister Djukanovic, the Chinese foreign minister and his associates left for the Montenegrin capital of Cetinje, where they are to pay a visit to the State Museum. From there Qian will go to Kotor, where his visit to Montenegro will conclude this evening.

Qian was welcomed at Golubovci Airport this morning by Montenegrin Prime Minister Milo Djukanovic, Deputy Prime Minister Zoran Zizic, and Assistant Foreign Minister Veselin Sukovic.

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